

Return to:

Oregon Housing and Community Services
725 Summer Street, Suite B
Salem, Oregon 97301-1266
Attn: Multifamily Housing Section



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04/20/2010 11:24:16 AM

Fee: \$152.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**HOUSING AND COMMUNITY SERVICES DEPARTMENT
STATE OF OREGON**

**HOUSING PLUS - HOMELESS PERMANENT SUPPORTIVE HOUSING DEVELOPMENT
ASSIGNMENT AND ASSUMPTION AGREEMENT, DECLARATION OF RESTRICTIVE
COVENANTS AND EQUITABLE SERVITUDES**

THIS Assignment and Assumption Agreement, Declaration of Restrictive Covenants and Equitable Servitudes (this "Agreement") is made this 19th day of April, 2010, among:

PARTIES:

Grantee: Klamath Housing Authority, together with its successors and assigns,

Owner: Trail's View LLC, together with its successors and assigns, and

Department: **STATE OF OREGON**, by and through its **Housing and Community Services Department**, together with its successors and assigns.

RECITALS

- A. Grantee, as Recipient, received a Housing Plus Grant (the "Grant") from the Department as described in a Housing Plus Grant Agreement, Declaration of Restrictive Covenants and Equitable Servitudes executed between itself and the Department dated April 19th, 2010 (the "Grant Agreement"), for the purpose of partially reimbursing the financing and rehabilitation costs of an **eight (8)**-unit low-income housing project in **Klamath Falls, Oregon**, known as **Trail's View Apartments** and more particularly described in Exhibit A (the "Project"). Exhibit A is attached hereto and incorporated herein by reference.
- B. A copy of the Grant Agreement, less attachments, is attached hereto and incorporated herein as Exhibit B. Names and terms in this Agreement will have the meanings given them in this Agreement or in the Grant Agreement.
- C. The parties desire to execute this Agreement to evidence and confirm the terms by which the Department hereby consents to Grantee providing the Grant to the Owner for the purposes described in the Grant Agreement.
- D. The parties also desire that this Agreement will be recorded in the relevant county records and that certain terms herein will constitute restrictive covenants and equitable servitudes that shall run with the land and govern the maintenance and operation of the Project.

AGREEMENT

NOW, THEREFORE, for value received, Grantee and Owner hereby agree with the Department as follows:

1. Provision of Grant to Owner; Assumption of Grant Agreement Obligations; Consent.

(a) Grantee has provided or is providing the Grant to Owner, pursuant to documented terms, copies of which have been delivered to the Department. The Department hereby approves of the provision of the Grant to Owner.

(b) Owner hereby unconditionally assumes, jointly and severally with Grantee, all obligations owed to the Department under the Grant Agreement. Owner also hereby agrees to perform all obligations to the Department described herein. Owner will, at its own expense, record and deliver this Agreement to the Department. Grantee and Owner also will execute and deliver to the Department such other documents reasonably requested by the Department to effect and maintain its restrictive covenants and equitable servitude interests in and rights against the Project.

(c) Department hereby consents to and approves of Grantee providing the Grant to Owner without undertaking any obligations thereby to Owner and without affecting in any manner the restrictions and requirements of the Grant Agreement with respect to any further or additional transfers or third-party beneficiaries. Additionally, nothing in this Agreement or in the Grant Agreement shall be construed as restricting or impairing any right of the Department to resort to, proceed against, or otherwise exercise its rights with respect to any property in accordance with the rights granted to the Department by this Agreement or by any other agreement.

2. Representations, Warranties and Covenants of Owner. Owner, jointly and severally with Grantee, hereby adopts, assumes and ratifies the representations, warranties and covenants with respect to responsibility to the Department for proper use of the Grant, with respect to the maintenance, use, and operation of the Project, reporting with respect to same and compliance with Grant program requirements as contained in the Grant Agreement.

3. Restrictive Covenants and Equitable Servitudes to Run with the Land.

(a) Inducement. The Owner represents and warrants that consent to Grantee providing it the Grant by the Department is an inducement to the Owner to rehabilitate and operate the Project in accordance with this Agreement. In consideration of such consent, the Owner has entered into this Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein. Therefore, the Owner covenants, agrees and acknowledges that the Department has relied on this Agreement in determining to consent to Grantee providing it the Grant.

(b) Covenants; Equitable Servitudes. The parties hereby declare their express intent that, during the term of this Agreement, the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land and shall be deemed equitable servitudes running with the land, and shall pass to and be binding upon the Department's and the Owner's successors in title including any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein (other than a rental agreement or lease for a dwelling unit) shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements

contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

(c) Burden and Benefit. The Owner hereby declares its understanding and intent that the burdens of the covenants and equitable servitudes set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Owner hereby further declares its understanding and intent that the benefits of such covenants and equitable servitudes touch and concern the land by enhancing and increasing the enjoyment and use of the Project by tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Grant was issued.

4. Foreclosure. Except with respect to government lenders, in the event the construction and/or permanent lender, its successors or assigns, lawfully acquire title to the Project through foreclosure or deed in lieu of foreclosure, neither the lender nor any subsequent purchaser of the Project following such a foreclosure or deed in lieu of foreclosure shall be deemed a "successor or assign" of the Owner, and neither the lender nor such subsequent purchaser shall have any obligation to repay the Grant to the Department and all conditions and restrictions contained herein shall terminate on the date, if any, that the Project is so acquired by foreclosure or deed in lieu of foreclosure.

5. Indemnity. Owner and Grantee shall save, hold harmless, indemnify and (subject to ORS chapter 180) defend the State of Oregon, Department and their officers, agents, employees, members and assigns, from all suits, actions, claims, losses or damages of whatsoever nature, kind or description related to the Project or resulting from or arising out of their acts, omissions, neglect or misconduct or the acts, omissions, neglect or misconduct or their subcontractors, agents, or employees under this Agreement or related to the Project.

6. Time of the Essence. Time is of the essence in the performance of this Agreement.

7. Remedies.

(a) If this Agreement terminates prior to the term of the Restrictive Covenants, Grantee and Owner shall, within 120 days of written demand for repayment, repay to Department all Grant funds disbursed under this Agreement on the Project together with any earnings on such funds.

(b) Upon any breach of this Agreement by Grantee or Owner, Department, at its option, also may take any one or more of the following steps:

(A) By mandamus or other suit, action or proceeding at law or in equity, require Owner or Grantee to perform its obligations and covenants under this Agreement or enjoin any acts or things that may be unlawful or in violation of the rights of Department under this Agreement;

(B) Have access to, and inspect, examine and make copies of, all of the books and records of Owner or Grantee pertaining to the Project;

(C) Withhold from Grantee or Owner, suspend or terminate, all or part of any un-disbursed Grant funding under this Agreement;

(D) Demand repayment of all Grant funding provided by Department to Grantee or Owner for the Project, and such amount shall be immediately due and payable by both of them, jointly and severally, to Department;

(E) Declare Grantee or Owner ineligible to receive further HPF or other Department financial assistance;
or

(F) Take such other action at law, in equity or otherwise as may appear necessary or desirable to the Department to enforce the obligations, covenants and agreements of Grantee or Owner under this Agreement.

(c) The rights and remedies of Department provided for in this Agreement shall not be exclusive and are in addition to any other rights and remedies available at law, in equity or otherwise. No failure of or delay by Department to enforce any provision of this Agreement shall constitute a waiver by Department of that or any other provision, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

8. No Third Party Beneficiaries. Department, Grantee and Owner are the only parties to this Agreement and are the only parties entitled to rely on and enforce the terms of this Agreement. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right not held by or made generally available to the public, whether directly indirectly or otherwise, to third persons unless such third persons are individually identified by name in this Agreement and expressly described as intended beneficiaries of the terms of this Agreement.

9. Assignment; Successors and Assigns. Neither Owner nor Grantee shall assign or transfer any interest in this Agreement (other than leases for the residential units in the Project) without the prior express written consent of Department. Any attempted assignment or transfer in violation of this provision shall be null and void. The provisions of this Agreement shall be binding upon and shall run to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

10. Severability. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provisions held to be invalid.

11. Survival of Obligations. The obligations of Grantee (and of Owner by assumption herein) as set forth in the Application and Award, shall survive the reservation of any Grant funds and shall not be deemed to terminate or merge with the awarding of the funds. Provisions of this Agreement which by their nature are intended to survive termination of this Agreement shall survive.

12. Attorney Fees. In the event a lawsuit is instituted regarding this Agreement, the prevailing party in any dispute arising under this Agreement shall, to the extent permitted by law, be entitled to recover from the other its reasonable attorney fees and all costs and disbursements incurred at trial and on appeal.

13. Governing Law; Venue: Consent to Jurisdiction. This Agreement shall be governed by the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") among two or more of the parties related to this Agreement shall be conducted exclusively within the Circuit Court of Marion County, Oregon (unless Oregon law requires that it be brought and conducted where the Project is located) or, if necessary, the United States District Court for the District of Oregon. In no event shall this provision be construed as a waiver by the State of Oregon of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. GRANTEE AND OWNER, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENT TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

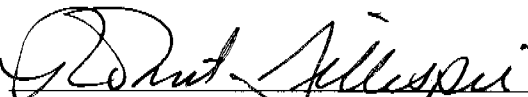
14. Merger Clause. This Agreement, including incorporations and exhibits, constitutes the entire agreement between the parties on the subject matter hereof. No modification or amendment of this Agreement shall bind either party unless in writing and signed by both parties (and the necessary approvals obtained), and no waiver or consent shall be effective unless signed by the party against whom such waiver or consent is asserted. Such waiver or consent, if given, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements or representations, oral or written, not specified herein regarding this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized officers as of the first day written above.

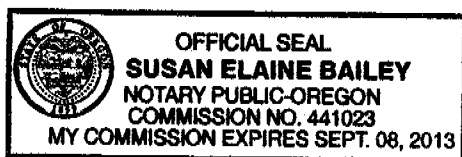
DEPARTMENT:


STATE OF OREGON, acting by and through its
Housing and Community Services Department

By: 
Robert Gillespie, Administrator
Multifamily Housing Section

STATE OF OREGON)
 : ss
County of Marion)

The foregoing instrument was acknowledged before me this 15th day of April, 2010, by Robert Gillespie, who is the Administrator of the Multifamily Housing Section, Housing and Community Services Department, on behalf of the Department.




NOTARY PUBLIC FOR OREGON
My Commission Expires: 9/8/13

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OWNER:

TRAIL'S VIEW LLC
an Oregon limited liability company

By: Klamath Housing Authority,
an Oregon public housing authority,
its managing member

By: 
Diana Otero, Executive Director

STATE OF OREGON)

County of Klamath : ss)

The foregoing instrument was acknowledged before me this 19th day of April, 2010, by Diana Otero, Executive Director of Klamath Housing Authority, who executed the foregoing instrument on behalf of the Owner.



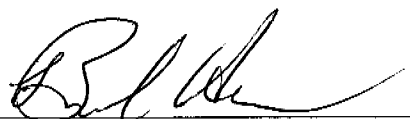

NOTARY PUBLIC FOR OREGON
My Commission Expires: 7-11-10

Exhibit A
Legal Description

Lot 1 and Lot 1A of TOWNSEND TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM:

A tract of land being the Southwesterly portion of Lot 1, TOWNSEND TRACTS, a duly recorded subdivision, EXCEPTING the Westerly 10 feet, adjacent to and parallel with Crest Street, said tract of land being more particularly described as follows:

Beginning at the Southeasterly corner of said Lot 1, said corner being on the Northerly right of way line of Boardman Avenue; thence North 00 degrees 24' 26" West 346.50 feet; thence North 89 degrees 19' 00" West 275.11 feet; thence South 00 degrees 15' 00" East parallel with said Crest Street, 346.48 feet to the Northerly right of way line of said Boardman Avenue; thence South 89 degrees 19' 00" East 276.06 feet to the point of beginning, with bearings based on Survey No. 3009, as recorded in the office of the Klamath County Surveyor.

ALSO EXCEPTING THEREFROM:

A strip of land being the Westerly 10 feet of Lot 1, TOWNSEND TRACTS, a duly recorded plat in Klamath County, Oregon, said 10 foot strip being parallel to, measured at right angles from the Westerly line of said Lot 1.

TOGETHER WITH: 1974 mobile home licensed #X96724 which is firmly affixed to the above described real property.

After Recording Return to:
Housing and Community Services
Attn: Multifamily Housing Section
725 Summer Street, Suite B
Salem, OR 97301-1266

SPACE ABOVE FOR RECORDERS USE

**HOUSING AND COMMUNITY SERVICES DEPARTMENT
STATE OF OREGON**

**HOUSING PLUS - HOMELESS PERMANENT SUPPORTIVE HOUSING DEVELOPMENT
GRANT AGREEMENT, DECLARATION OF RESTRICTIVE COVENANTS
AND EQUITABLE SERVITUDES**

This Housing PLUS - Homeless Permanent Supportive Housing Development ("Housing PLUS") Grant Agreement, Declaration of Restrictive Covenants and Equitable Servitudes (this "Agreement") is made and entered into this 19th day of **April, 2010**, by and between **Klamath Housing Authority** (together with its successors and assigns, the "Recipient") and the State of Oregon acting by and through its Housing and Community Services Department (together with its successors and assigns, "OHCS" or the "Department").

RECITALS

- A.** The Recipient has completed and submitted to the Department an application for an award of Housing PLUS funds (the "Application"), which Application is incorporated herein by this reference.
- B.** The Recipient, by the described Application, has requested a Housing PLUS grant from the Department in the principal amount of **Seven Hundred Twenty Thousand (\$720,000)** (the "Grant") for the purpose of partially reimbursing the **construction** costs of **eight (8)** units of Housing PLUS Permanent Supportive Housing ("PSH") in **Klamath Falls**, Oregon. Such PSH units are part of or constitute an entire low-income housing project, more particularly described in Exhibit A hereto, and known as **Trail's View Apartments** (the "Project").
- C.** The Department has conditionally awarded Recipient the requested Grant subject to the terms and conditions of this Agreement, including the terms and conditions of the Application as modified by the Department's conditional Housing PLUS award letter dated **May 12, 2009** (the "Award"), approved by the State Housing Council on **May 1, 2009** and which Award also is incorporated herein by reference.

AGREEMENT

WHEREFORE, for good and sufficient consideration, including the terms and conditions herein, Department and Recipient mutually agree as follows:

PART I: DEFINITIONS.

Unless otherwise provided herein, explicitly or in context, the terms defined above shall have the meanings set forth above, and the following terms shall have the meanings set forth below.

(a) Dwelling Units means both the restricted residential units in the Project designated as Housing PLUS PSH Units and reserved for occupancy by Housing PLUS PSH Qualified Tenants as well as any Non-PSH residential units in the Project.

(b) Housing PLUS PSH Qualified Units means the eight (8) Dwelling Units in the Project funded through the Housing PLUS Grant.

(c) Housing PLUS Qualified Tenants means tenant households who meet the Housing PLUS priority population characteristics, including those who are: (a) homeless with chronic and disabling health conditions and other substantial barriers to housing stability; (b) victims of domestic violence dealing with homelessness situations; or (c) unable to retain stable housing without access to closely linked Supportive Services.

(d) Non-Housing PLUS PSH Unit means the zero (0) units not funded through the Housing PLUS Grant and not necessarily occupied by Housing PLUS Qualified Tenants.

(e) Partnered Service Provider means an identified organization that enters into an agreement with Owner satisfactory to the Department to provide appropriate and on-going Supportive Services to Housing PLUS PSH Qualified Tenants as needed to maintain their housing stability. In some cases the Partnered Service Provider may assist the Owner to identify and recruit prospective Housing PLUS Qualified Tenants, and it may provide oversight for the supportive services. In some instances the same agency may also be the Partnered Service Provider and the Owner.

(f) Partnered Service Agreement means a fully signed and executed agreement between the Owner and the Partnered Service Provider, approved by OHCS, that includes (a) a definition of the specific target population for the project or units; (b) a service plan that addresses the needs of the target population; (c) specific responsibilities for each party as it may relate to compliance, data collection and reporting; and (d) the term of the agreement. The Partnered Service Provider Agreement will be signed on or before the issuing of certificates of occupancy. If Owner is acting as the Service Provider it shall provide the same commitment and necessary information to OHCS as required from a Partnered Service Provider.

(g) Permanent Supportive Housing (PSH) means a unit of permanent housing that is: (a) subject to restrictive covenants requiring that the unit be affordable to households with low and very low incomes; (b) with supportive services from a Partnered Service Provider as described in Partnered Service Agreement or as provided in an approved supportive services plan; (c) as provided in this Agreement, occupied by a household tenant(s) who is, or was at the time of initial occupancy of the unit, a Housing PLUS Qualified Tenant.

(h) Supportive Services means a structure in place satisfactory to OHCS that provides access for residents to wide-ranging services aimed at increasing their ability to comply with tenancy and to achieve housing stability. Supportive services are tailored to address the specific needs of each household tenant. These services may be provided directly by the Partnered Service Provider or by arrangement with other service providers, with coordination and oversight provided by the Partnered Service Provider or Owner. Services may include: (a) proactive case management; (b) medical and psychiatric treatment, as needed; (c) substance abuse treatment; and (iv) other supports such as obtaining benefits and income support assistance, help to access other resources and support such as child care, transportation, job training and job placement.

While adequate and appropriate Supportive Services must be available to each Housing PLUS tenant household, tenants cannot be required to utilize supportive services as a condition of tenancy.

PART II: GRANT ISSUANCE.

(a) Subject to the availability of HOUSING PLUS funds, and conditioned upon the terms and conditions of this Agreement, the Department will make the Grant to Recipient up to the maximum principal amount of **Seven Hundred Twenty Thousand Dollars (\$720,000)**.

(b) The Department will disburse the Grant to Recipient after satisfaction of award conditions at its sole discretion and after execution and recording of this Agreement and delivery to the Department of information satisfactory to it that project work will commence. The Department may disburse the Grant prior to recording of this Agreement, at its sole discretion, upon placement of the Agreement in escrow with binding instructions to record this Agreement upon notice to the escrow officer by the Department or upon Recipient's establishment of fee title ownership to the Project.

(c) The Department's award commitment will expire six (6) months from the date of this Agreement if the Borrower fails to timely satisfy the requirements above in subsection (b) unless the Grant is sooner terminated by the Department. Approval of any extension, and the length of any approved extension, is at the Department's sole discretion.

PART III. REPRESENTATIONS, WARRANTIES AND COVENANTS OF RECIPIENT.

The Recipient represents, warrants and covenants that:

(a) It is a **public housing authority**, duly organized, validly existing, and in good standing under the laws of Oregon, and authorized to do business and in good standing in Oregon, and it has the power and authority to transact the business in which it is engaged and to enter into and perform this Agreement;

(b) The making and performance of this Agreement by Recipient has been duly authorized by all necessary action of Recipient; do not and will not violate any provision of any applicable law, rule, or regulation or order of any court, regulatory commission, board or other administrative agency or any provision of Recipient's organizing documents or authorizing statutes; and do not and will not result in the breach of, or constitute a default or require any consent under, any other agreement or instrument to which Recipient is a party or by which Recipient or any of its properties is bound or affected and does not and will not result in the creation or imposition of any prohibited encumbrance of any nature;

(c) This Agreement, when executed and delivered, shall be a valid and binding obligation of Recipient enforceable in accordance with its terms;

(d) Recipient agrees to fulfill all requirements of this Agreement, any administrative rules (including as such administrative rules are amended from time to time), including but not limited to any requirements, including Housing PLUS funding requirements, set forth in the Award or other reservation letter, to the satisfaction of Department; and

(e) Recipient shall complete the Project no later than one or two years from date of Grant Agreement and in accordance with the plans and specifications that have been approved by Department or modifications to those plans and specifications, which modifications must be approved by Department, and in accordance with the terms and conditions of this Agreement.

PART IV: ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF RECIPIENT.

The Recipient also represents, warrants and covenants that:

(a) Housing PLUS Permanent Supportive Housing Units.

Recipient will use Grant Funds only for financing of appropriate costs related to units that will serve (a) homeless, including those with repeated stays in systems of care (corrections, hospitalization, foster care, etc.) without a

place to live; (b) with chronic health conditions that are at least episodically disabling (e.g. chronic mental illness, HIV/AIDS, and substance abuse issues) or other substantial barriers to housing permanency; (c) who would not be able to retain stable housing without closely linked supportive services; and (d) victims of domestic violence who face survival and safety risks, come from a shelter, transitional housing, or another temporary housing situation, and have substantial barriers to obtain and retain housing (e.g. financial, housing history).

(b) Affordability.

(1) Recipient will use Grant funds only for financing of appropriate costs related to acquisition, construction and/or rehabilitation of **eight (8)** Housing PLUS units (the "Qualified Units") of the **eight (8)** total units in the Project and/or such eligible common areas and other aspects of the Project, consistent with HOUSING PLUS requirements and administrative rules, as are described in the Application and approved in the Award.

(2) Recipient will ensure that if no other funding, with income restrictions, is used in the construction and/or rehabilitation of the **eight (8)** Housing PLUS Qualified Units in the Project, those units will be occupied by very low income persons. "Very low income persons" mean persons with a household income at or below 50% of the county median income. County median income levels are published annually by the U.S. Department of Housing and Urban Development ("HUD").

(3) Recipient will continuously maintain the low and very low income affordability required in this Agreement, consistent with Housing PLUS guidelines and administrative rules, with respect to occupancy of the Qualified Units. Notwithstanding that there is a minimum 20-year term of affordability under the Housing PLUS program, the Recipient has agreed to an affordability term of **forty (40)** years to **April 1, 2050** (the "Affordability Period") during which recipient will continuously maintain the low and very low income affordability requirements specified in this Agreement and otherwise comply with its obligations herein, including operating the Project in compliance with the restrictive covenants and equitable servitudes created hereby and applicable OHCS administrative rules and directives.

(4) If at any time during the term of this Agreement, the delivery of Housing PLUS units at the Project proves to be financially infeasible for reasons beyond the control of Recipient, including, but not limited to, the loss of Section 8 project based funding for the project affecting Housing PLUS units, the inability to procure services for Housing PLUS qualified tenants from an approved Partner Service Provider, sustained vacancy due to Housing PLUS units that threaten the project's financial stability, or other events that trigger a technical default or event of non-compliance with any lender or investor, Recipient, upon mutual agreement with OHCS, may operate Housing PLUS units as non-PSH units at a median family income to be negotiated between the parties. These units shall continue to be governed by this Agreement as is applicable to Non-Housing PLUS units or other Department's housing resources invested in the Project.

(5) If at any time during the Affordability Period, the Project (or any of the Qualified Units), is used in a manner inconsistent with this Agreement, Recipient will repay the Grant to the Department upon thirty (30) days written notice to it by the Department.

(c) Resident Supportive Services Program.

(1) Qualified Housing PLUS Units will be allocated funding to provide adequate and appropriate supportive services for up to four years or whichever the greater or lesser the resources allow.

(2) When required by the Department, Recipient will provide the Department a Supportive Services Plan (the "Plan"), consistent with Housing PLUS requirements and administrative rules, consistent with general

principles of permanent supportive housing for homeless persons, and satisfactory to the Department. The Department may require periodic revisions to the Plan from the Recipient at the Department's reasonable discretion. The Recipient may propose revisions to the Plan for approval by the Department. All Plan revisions must be approved in writing by the Department prior to becoming effective.

(3) Recipient will provide the Department a copy of a signed agreement between the Recipient and its Partner Service Provider. Such agreement must minimally include (a) a definition of the specific target population for the Housing PLUS units; (b) a service plan that addresses the needs of the target population; (c) specific responsibilities for each party as it relates to compliance, data gathering and reporting; and (d) the term of the agreement. The Partner Service Provider will be signed on or before the certificates of occupancy are issued. If the Recipient is the same as the Partner Service Provider it shall provide the same information in the Plan.

(4) While resources are available, and allocated to the Qualified Units, Recipient will provide timely supportive services appropriate to the Project population and consistent with the Plan and Partner Service Provider Agreement, including as the Supportive Services Plan and Partnered Service Agreement are revised from time to time. Recipient shall not require qualified tenants to utilize supportive services as a condition of their tenancy.

(5) If the Department determines the Recipient has failed to provide timely Supportive Services appropriate to the Project population and consistent with the Plan and established Service Agreement (including as the Plan and Agreement is revised from time to time) at any time during the time Housing PLUS requirements are in place, Recipient will need to take necessary and satisfactory corrective steps, or repay the Grant to the Department upon thirty (30) days written notice to it by the Department.

(d) Rental Subsidies

(1) Qualified Housing PLUS Units will be allocated Housing PLUS resources by OHCS for up to four years, or such lesser time as available program resources allow for funding to ensure that tenants obtain housing and remain housed.

(2) Recipient will utilize rental subsidy funds consistent with Housing PLUS requirements and administrative rules.

(e) Inspections; Maintenance of Records; Reporting.

(1) The Department shall have the right to inspect the Project and to inspect and copy all documents related to the Project throughout the Housing PLUS designation and the Affordability Period. Recipient will cooperate fully with the Department in any such inspection of the Project or in any inspection and/or copying of Project documents.

(2) The Recipient will maintain all Project documents as required by the Department throughout the Affordability Period and for six (6) years thereafter or as otherwise required by the Department pursuant to this Agreement.

(3) The Recipient will provide reports satisfactory in form and content to the Department with respect to the Recipient's compliance with the terms and conditions of this Agreement as required from time to time by the Department.

(4) If the Department determines that the Recipient has failed to comply with any of the terms of this Part

IV(e), Recipient will repay the Grant to the Department upon thirty (30) days written notice to it by the Department.

PART V: COVENANTS AND EQUITABLE SERVITUDES TO RUN WITH THE LAND.

(a) Inducement. The Recipient represents and warrants that the issuance to it of the Grant described herein by the Department is an inducement to the Recipient to construct and operate the Project in accordance with this Agreement. In consideration of the issuance of the Grant, the Recipient has entered into this Agreement and has agreed to restrict the uses to which the Housing PLUS designated units or project can be put on the terms and conditions set forth herein. Therefore, the Recipient covenants, agrees and acknowledges that the Department has relied on this Agreement in determining to issue the Grant.

(b) Covenants; Equitable Servitudes. The Department and the Recipient hereby declare their express intent that, during the term of this Agreement, the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land and shall be deemed equitable servitudes running with the land, and shall pass to and be binding upon the Department's and the Recipient's successors in title including any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein (other than a rental agreement or lease for a dwelling unit) shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

(c) Burden and Benefit. The Recipient hereby declares its understanding and intent that the burdens of the covenants and equitable servitudes set forth herein touch and concern the land in that the Recipient's legal interest in the Project is rendered less valuable thereby. The Recipient hereby further declares its understanding and intent that the benefits of such covenants and equitable servitudes touch and concern the land by enhancing and increasing the enjoyment and use of the Project by tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Grant was issued.

PART VI: SUBORDINATION.

(PARAGRAPH NOT APPLICABLE)

This Agreement and the restrictive covenants and equitable servitudes created hereunder may be subordinated to the lien of Recipient's primary financing loan in a principal amount not to exceed \$ N/A. The Department, at its sole discretion, may subordinate this Agreement to other financing on the Project.

PART VII: FORECLOSURE.

(a) Limitation of Rights. Except with respect to government lenders, in the event that a construction and/or permanent lender with an appropriate lien interest superior to OHCS' liens related to the Project or to this Agreement, and to the restrictive covenants and equitable servitudes created herein, lawfully acquires title to the Project through foreclosure or deed in lieu of foreclosure in a manner consistent with this Part VII, neither the lender nor any subsequent purchaser of the Project following such a foreclosure or deed in lieu of foreclosure shall be deemed a "successor or assign" of the Recipient, and neither the lender nor such subsequent purchaser shall have any obligation to repay the Grant to OHCS and all conditions and restrictions contained herein shall

terminate on the date, if any, that the Project is so acquired by foreclosure or deed in lieu of foreclosure.

(b) Notice and Opportunity to Cure. OHCS shall have, and Recipient shall cause any lien instrument with respect to the Project, or any part thereof, to provide that the Lender or other lien holder shall give OHCS at least thirty (30) days prior written notice of any default by Recipient with respect to such lien instrument (or with respect to the obligations arising thereunder or related thereto) and an opportunity for OHCS to cure such default within such thirty (30) days, or within such additional time as may be reasonably necessary to accomplish said cure, prior to the exercise by Lender or other lien holder of any remedies with respect to the Project or lien instrument. OHCS shall have no obligation to cure any such default, but may elect to effect such a cure at its sole discretion.

(c) Repayment and Extension of Restrictive Covenants and Equitable Servitudes. If OHCS does effect a cure pursuant to this Part VII, Recipient shall repay moneys expended by OHCS in effecting such cure, together with interest thereon at the rate of twelve percent (12%) per annum or the then current LIBOR rate plus three percent (3%) per annum, at the election of the Department, on terms satisfactory to the Department. Recipient also shall cause the restrictive covenants and equitable servitudes created herein to be extended for up to an additional ten years at the election of the Department. Recipient shall execute and record, at its own expense, any amendment of this Agreement deemed necessary or appropriate by the Department to give effect to such extension of the restrictive covenants and equitable servitudes granted herein and shall execute and record, at its own expense, any other documents deemed necessary or appropriate by the Department to give effect to the repayment obligation described above and for any security interest in favor of the Department related thereto.

PART VIII: GENERAL PROVISIONS.

(a) Financial and Performance Reports and Monitoring. Recipient shall maintain all financial records relating to this Agreement in accordance with generally accepted accounting principles. In addition, Recipient shall maintain any other records pertinent to this Agreement in such a manner as to clearly document Recipient's performance. Recipient acknowledges and agrees that Department and the Oregon Secretary of State's Office and the federal government and their duly authorized representatives shall have access to such financial records and other books, documents, papers, plans, records of shipments and payments and writings of Recipient that are pertinent to this Agreement, whether in paper, electronic or other form, to perform examinations and audits and make excerpts and transcripts and take copies. Recipient shall retain and keep accessible all such financial records, books, documents, papers, plans, records of shipments and payments and writings for a minimum is six (6) years, or such longer period as may be required by applicable law, following final payment and termination of this Agreement and the Affordability Period, or until the conclusion of any audit, controversy or litigation arising out of or related to this Agreement, whichever date is later.

(b) On April 1st of each year beginning with the first year of occupancy and each year thereafter that units or project operate as Housing PLUS, Recipient shall provide to OHCS the following to demonstrate compliance with the terms of this Agreement, including but not limited to:

(1) Housing PLUS Units Certification, which includes, *inter alia*, the following information:

(A) Current rents charged for each Housing PLUS designated unit;

(B) Date of last tenant income certification;

(C) Tenant population served, including family size, ages of children; and

(D) Summaries of leasing activity, including vacancies and turnover.

(2) An Annual Performance Report as generated through a Homeless Management Information System (HMIS), containing the level and types of supportive services and outcomes that benefit service recipients.

(3) Copies of any Supportive Services Plans, Partnered Service Provider Agreements, and amendments not previously provided to OHCS.

(c) Compliance with Applicable Federal, State and Local Laws.

(1) Recipient shall comply with all federal, state and local laws, regulations, codes and ordinances applicable to the Project, including but not limited to all applicable requirements outlined in the Application, Award, Housing PLUS administrative rules (including as amended from time to time) and Housing PLUS guidelines providing funding under this Agreement.

(2) Recipient shall ensure that all contracts and subcontracts for the Project must comply with all applicable local, state and federal laws, regulations, ordinances and codes.

(3) Recipient shall remain fully obligated under the provisions of the Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Project with respect to which Grant assistance is being provided by the Department or Plan compliance is being required by the Department under this Agreement.

(4) Recipient shall obtain and maintain on file for each person residing in the Project a verified homelessness certification, a certification of tenant eligibility, income verification in a form approved by the Department, and updated periodically according to the requirements of the Department, and submitted to Department at its request.

(5) Recipient shall permit Department to inspect housing units within the Project assisted by funding under this Agreement, including all Qualified Units, at reasonable times and under reasonable conditions.

(d) Indemnity. Recipient shall save, hold harmless, indemnify and (subject to ORS chapter 180) defend the State of Oregon, Department and their officers, agents, employees, members and assigns, from all suits, actions, claims, losses or damages of whatsoever nature, kind or description related to the Project or resulting from arising or arising out of the acts, omissions, neglect or misconduct of Recipient or its subcontractors, agents, or employees related to this Agreement, the Project or the Grant.

(e) Time of the Essence; Termination. Time is of the essence in the performance of this Agreement. Department may terminate this Agreement in whole or in part, without further liability, effective upon delivery of written notice to Recipient, under any of the following conditions:

(1) If Department funding from federal, state, or other sources is not obtained or is not continued at levels sufficient to allow for payment of the indicated quantity of Grant funding;

(2) If federal or state laws, regulations, rules or other requirements are modified or interpreted in such a way that the intended use of funds for the Project is no longer allowable or appropriate or the Project is no longer eligible for the funding proposed by this Agreement from the planned funding source(s) or if Department is determined by its counsel or otherwise to lack or loses the authority to administer the Program;

(3) If any authority required by law or regulation to be held by Recipient to complete the Project ends for any reason;

(4) If Recipient is unable or fails to commence the Project within six (6) months from the date of this Agreement;

(5) If there is a breach of any of the provisions of this Agreement or other any applicable Grant documents that is not cured within the grace period provided for cure in the applicable document, if any; or

(6) If Recipient (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or all or substantially all of its property, (ii) admits in writing its inability, or is generally unable, to pay its debts as they become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) is adjudicated a bankrupt or insolvent, (vi) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, winding-up, or composition or adjustment of debts, (vii) fails to controvert in a timely and appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the federal Bankruptcy Code (as now or hereafter in effect), or (viii) takes any action for the purpose of effecting any of the foregoing.

(f) Remedies.

(1) If this Agreement terminates prior to the term of the Restrictive Covenants, Recipient shall, within 120 days of written demand for repayment, repay to Department all Grant funds disbursed under this Agreement on the Project together with any earnings on such funds.

(2) Upon the occurrence of an event listed in Subsection (e) above, Department, at its option, also may take any one or more of the following steps:

(A) By mandamus or other suit, action or proceeding at law or in equity, require Recipient to perform its obligations and covenants under this Agreement or enjoin any acts or things that may be unlawful or in violation of the rights of Department under this Agreement;

(B) Have access to, and inspect, examine and make copies of, all of the books and records of Recipient pertaining to the Project;

(C) Withhold from Recipient, suspend or terminate, all or part of any un-disbursed Grant funding under this Agreement;

(D) Demand repayment of all Grant funding provided by Department to Recipient for the Project, and such amount shall be immediately due and payable by Recipient, its successors or assigns, to Department;

(E) Declare Recipient ineligible to receive further HOUSING PLUS Program or other Department financial assistance; or

(F) Take such other action at law, in equity or otherwise as may appear necessary or desirable to the Department to enforce the obligations, covenants and agreements of Recipient under this Agreement.

(3) The rights and remedies of Department provided for in this Agreement shall not be exclusive and are in

addition to any other rights and remedies available at law, in equity or otherwise. No failure of or delay by Department to enforce any provision of this Agreement shall constitute a waiver by Department of that or any other provision, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

(g) Notice. Except as otherwise expressly provided in this Agreement, any notices required or permitted to be given under this Agreement shall be given in writing, by personal delivery, or mailing the same, postage prepaid, to Department or Recipient at the following addresses:

Department: Oregon Housing and Community Services Department
Attn: Multifamily Housing Section Manager
725 Summer Street N.E., Suite B
Salem, Oregon 97301

Recipient: Klamath Housing Authority
Attn: Diana Otero
1445 Avalon
Klamath Falls, OR 97601

or to such other address a party may indicate to the other pursuant to this Section. Any notice so addressed and mailed shall be effective five (5) days after mailing. Any notice by personal delivery shall be deemed to be given when actually delivered.

(h) No Third Party Beneficiaries. Department and Recipient are the only parties to this Agreement and are the only parties entitled to rely on and enforce the terms of this Agreement. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right not held by or made generally available to the public, whether directly indirectly or otherwise, to third persons unless such third persons are individually identified by name in this Agreement and expressly described as intended beneficiaries of the terms of this Agreement.

(i) Assignment; Successors and Assigns. Recipient shall not assign or transfer any interest in this Agreement (other than leases for the residential units in the Project) without the prior express written consent of Department. Any attempted assignment or transfer in violation of this provision shall be null and void. The provisions of this Agreement shall be binding upon and shall run to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

(j) Severability. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provisions held to be invalid.

(k) Further Assurances.

(1) Recipient, at any time upon request of Department, will do, make, execute and deliver all such additional and further acts, instruments or papers as Department may require to assure Department its rights under this Agreement.

(2) Department may rely upon statements and certificates of Recipient and persons or families of very low income believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of Recipient pertaining to occupancy on the Project.

(3) Department may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by Department hereunder in good faith and in conformity with the opinion of such counsel.

(l) Survival of Obligations. The obligations of Recipient as set forth in the Application and Award, shall survive the reservation of any Grant funds and shall not be deemed to terminate or merge with the awarding of the funds. Provisions of this Agreement which by their nature are intended to survive termination of this Agreement shall survive.

(m) Attorney Fees. In the event a lawsuit is instituted regarding this Agreement, the prevailing party in any dispute arising under this Agreement shall, to the extent permitted by law, be entitled to recover from the other its reasonable attorney fees and all costs and disbursements incurred at trial and on appeal.

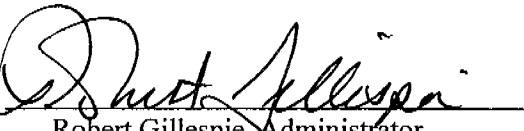
(n) Governing Law; Venue: Consent to Jurisdiction. This Agreement shall be governed by the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between Department and Recipient related to this Agreement shall be conducted exclusively within the Circuit Court of Marion County, Oregon (unless Oregon law requires that it be brought and conducted where the real property is located) or, if necessary, the United States District Court for the District of Oregon. In no event shall this provision be construed as a waiver by the State of Oregon of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. RECIPIENT, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

(o) Merger Clause; Order of Precedence. This Agreement, including the Application, Award, and any exhibits, schedules, appendices and attachments hereto (which are by this reference incorporated herein), constitutes the entire agreement between the parties on the subject matter hereof. Recipient hereby acknowledges that the Application and the Award survive the execution and delivery of this Agreement. In the event of any inconsistencies between the body of the Agreement, the Application, the Award, and any of the attachments to the Agreement, the following is the descending order of precedence in which the various provisions are to be interpreted: the Agreement without any attachments or any incorporated provisions, the Plan, the Award, the Application, the Property Description, any other attachments. No modification or amendment of this Agreement shall bind either party unless in writing and signed by both parties (and the necessary approvals obtained), and no waiver or consent shall be effective unless signed by the party against whom such waiver or consent is asserted. Such waiver or consent, if given, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements or representations, oral or written, not specified herein regarding this Agreement.

IN WITNESS WHEREOF, Department and Recipient have caused this Agreement to be signed by their duly authorized officers as of the first day written above.

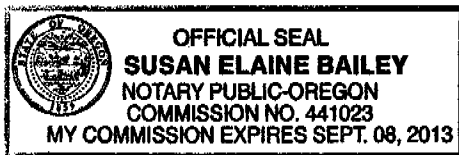
DEPARTMENT:

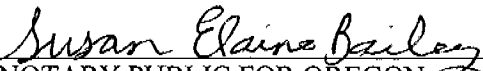
STATE OF OREGON, acting by and through its
Housing and Community Services Department

By 
Robert Gillespie, Administrator
Multifamily Housing Section

STATE OF OREGON)
 : ss
County of Marion)

The foregoing instrument was acknowledged before me this 15th day of April, 2010, by Robert Gillespie, who is the Administrator of the Multifamily Housing Section, Housing and Community Services Department, on behalf of the Department.




NOTARY PUBLIC FOR OREGON
My Commission Expires: 9/8/13

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RECIPIENT:

KLAMATH HOUSING AUTHORITY

a public ~~not-for-profit agency~~ *housing authority*

Tax ID: ~~30-0588848~~ *93-0637235*

By: 

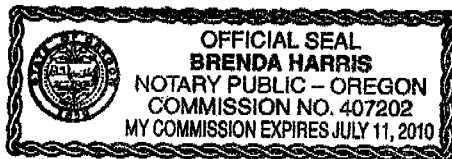
Diana Otero

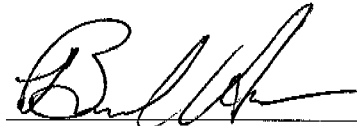
Executive Director

STATE OF OREGON)

County of *Klamath* : ss

The foregoing instrument was acknowledged before me this *19th* day of April, 2010, by Diana Otero, Executive Director of Klamath Housing Authority, who executed the foregoing instrument on behalf of the Owner.





NOTARY PUBLIC FOR OREGON

My Commission Expires: *7-11-10*

EXHIBIT A

Real property in the County of Klamath, State of Oregon, described as follows:

Lot 1 and Lot 1A of TOWNSEND TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM:

A tract of land being the Southwesterly portion of Lot 1, TOWNSEND TRACTS, a duly recorded subdivision, EXCEPTING the Westerly 10 feet, adjacent to and parallel with Crest Street, said tract of land being more particularly described as follows:

Beginning at the Southeasterly corner of said Lot 1, said corner being on the Northerly right of way line of Boardman Avenue; thence North 00 degrees 24' 26" West 346.50 feet; thence North 89 degrees 19' 00" West 275.11 feet; thence South 00 degrees 15' 00" East parallel with said Crest Street, 346.48 feet to the Northerly right of way line of said Boardman Avenue; thence South 89 degrees 19' 00" East 276.06 feet to the point of beginning, with bearings based on Survey No. 3009, as recorded in the office of the Klamath County Surveyor.

ALSO EXCEPTING THEREFROM:

A strip of land being the Westerly 10 feet of Lot 1, TOWNSEND TRACTS, a duly recorded plat in Klamath County, Oregon, said 10 foot strip being parallel to, measured at right angles from the Westerly line of said Lot 1.

TOGETHER WITH: 1974 mobile home licensed #X96724 which is firmly affixed to the above described real property.