

August 18, 2022

Housing Authority Board of Commissioners
Clackamas County

Members of the Board:

**Adoption of Housing Authority Resolution #1969 delegating authority to finalize the terms of the Marylhurst Commons affordable housing development in Lake Oswego.
No County General Funds are involved.**

Purpose/Outcomes	Approval of Housing Authority Resolution #1969 delegation to finalize the terms of, execute, acknowledge, and deliver the actions and documents in connection with the Marylhurst Commons affordable housing development in Lake Oswego.
Dollar Amount and Fiscal Impact	\$8,900,000 No County General Funds are involved.
Funding Source	Regional Affordable Housing Bond & Supportive Housing Services Funds
Duration	Financial closing scheduled September 15, 2022. Project scheduled to be complete and operational in early 2024.
Previous Board Action/Review	2/2/21 –Board notified of Housing Authority’s intent to award Supportive Housing Services (SHS) subsidy and Project-Based RLRA vouchers. 5/17/22 – Resolution #1965 presented seeking approval of awards. 5/19/2022 - Board adopted Resolution #1965 granted signature authority of all RLRA contracts and ability to negotiate terms of metro bond loan. 8/17/22 – Resolution #1969 presented at Issues discussed final delegation of authority to complete metro bond loan at closing.
Strategic Plan Alignment	1. Sustainable and affordable housing 2. Ensure safe, healthy, and secure communities
Counsel Review	7/21/22 Paul Dagle, Elliott, Ostrander & Preston, P.C.
Procurement Review	1. Was the item processed through Procurement? yes <input type="checkbox"/> no <input checked="" type="checkbox"/> 2. If no, provide brief explanation: This item is a resolution. Selection for Project-Based RLRA vouchers was based on previous competition (LIFT) as allowed per HACC’s Project-Based Voucher (PBV) Policy.
Contact Person	Devin Ellin, Director of Housing Development, HACC (971) 227-0472
Contact No.	HACC Resolution # 1969

Staff is requesting the adoption of Resolution #1969 with the presenting of near final Metro Bond Funds Loan Documents and delegation of authority to finalize the terms of, execute, acknowledge, and deliver the actions and documents as reasonably may be required in connection with the Marylhurst Commons affordable housing project.

BACKGROUND:

This is an opportunity for Clackamas County, through the Housing Authority of Clackamas County (HACC), to support a shovel-ready affordable housing project. The Marylhurst Commons project is located in a high opportunity area and advances the County’s affordable housing unit production target under the Regional Affordable Housing Bond measure.

On May 19, 2022, the Board adopted Resolution #1965, authorizing the allocation of \$3M in Regional Affordable Housing Bond funds and an allocation of 40 project based RLRA vouchers for the Marylhurst Commons project, for a total combined investment value of \$8.9M. Resolution #1965 delegated the signature authority for the 40 project-based RLRA contracts, but provided only limited

approval for the bond loan. That limited approval allowed staff to negotiate the agreement with the assurance that substantially final loan documents would be brought back to the Board for review and approval before assigning delegation authority to finalize and sign the documents. Therefore, this final step is seeking approval of Resolution #1969 requesting Board approval of the substantially final Metro Bond Funds Loan Documents and the delegation of signing authority to an Authorized Representative who, on behalf of HACC, will finalize the terms of, execute, acknowledge, and deliver the actions and documents as reasonably may be required in connection with the financial closing of Marylhurst Commons.

The Marylhurst Commons Affordable Housing project is expected to commence after the financial closing on or around September 15, 2022, and be completed and in full operations by the first quarter of 2024. The project will consist of 17 one-bedroom units, 61 two-bedroom units, and 22 three-bedroom units. The 100 units will consist of 60 units for families earning 60% of AMI (area median income) and below and 40 units for Permanent Supportive Housing (PSH) for families with incomes at or below 30% of AMI who have experienced houselessness or are at risk of becoming unhoused. The PSH units will be supported with 40 Project-Based RLRA vouchers. The cost associated with the RLRA vouchers allotted to this project will come from HACC's RLRA budget. SHS services funding will be contracted separately closer to the beginning of operations and is not included in this resolution. Marylhurst Commons is financed by a combination of public and private funds, including approximately:

- \$4.25 million OHCS LIFT funds
- \$1.2 million from the Sisters of the Holy Names
- \$3 million in Regional Affordable Housing Bond funds
- \$1.5 million in Deferred Developer Fee
- \$17.7 million in 4% Low Income Housing Tax Credit (LIHTC) Equity
- \$1.5 million Mercy Loan Fund
- \$11.3 million permanent amortizing loan

Marylhurst Commons will be an important community asset serving lower-wage, working families who have been excluded from the high-opportunity Lake Oswego community, as well as families who have been housing insecure. Mercy Housing Northwest and Lake Oswego School District have signed an MOU to provide referrals for these units in an effort to reduce the number of families with children who are homeless or at risk of homelessness enrolled in Lake Oswego Schools.

ATTACHMENTS:

- Resolution #1969
- Substantially final Metro Bond Funds Loan Documents

RECOMMENDATION:

HACC staff recommends the approval of HACC Resolution #1969 approving of near final Metro Bond Funds Loan Documents and delegating signing authority to the Executive Director of HACC, the Director of Health, Housing and Human Services, and the Director of Housing Development as Authorized Representatives to, on behalf of HACC, finalize the terms of, execute, acknowledge, and deliver the actions and documents as reasonably may be required in connection with the Marylhurst Commons affordable housing development in Lake Oswego.

Respectfully submitted,

Denise Swanson

Rodney A. Cook, Director
Health, Housing and Human Services

Healthy Families. Strong Communities.

**BEFORE THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF CLACKAMAS COUNTY**

In the Matter of Approving the Metro Bond Funds Loan Documents for the Marylhurst Commons Project



RESOLUTION NO. 1969

Page 1 of 3

WHEREAS, on May 19, 2022, the Board of Commissioners (the “**Board**”) of the Housing Authority of Clackamas County (the “**Authority**”) adopted Resolution No. 1965, which authorizes the Authority to make a loan to MHNW 20 Marylhurst Limited Partnership (the “**Partnership**”) of Metro Bond Funds, as the term is defined in Resolution No. 1965, in the amount up to Three Million Dollars (\$3,000,000) (the “**Metro Bond Funds Loan**”) to be used in connection with the development of Marylhurst Commons, with a property address of 17600 Pacific Highway, Lake Oswego, Oregon (the “**Project**”); and

WHEREAS, pursuant to Resolution No. 1965, the Board has requested, been provided with, and approved the substantially final versions of the following documents in connection with the Metro Bond Funds Loan:

1. Loan Agreement (Marylhurst Commons);
2. Metro Bond Program Promissory Note (Marylhurst Commons);
3. Line of Credit Leasehold Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents (Marylhurst Commons);
4. Regulatory Agreement (Marylhurst Commons);
5. Replacement Cost and Capital Improvements Agreement (Marylhurst Commons); and
6. Priority and Subordination Agreement (Marylhurst Commons).

(collectively, the “**Metro Bond Funds Loan Documents**”).

NOW, THEREFORE, THE AUTHORITY ADOPTS THE FOLLOWING RESOLUTIONS:

Section 1. Approve Substantially Final Metro Bond Funds Loan Documents.

BE IT RESOLVED, that the Authority is authorized to negotiate, execute and deliver on behalf of the Authority the substantially final Metro Bond Funds Loan Documents listed in the attached **Exhibit A** (whether bearing the name listed or names to similar effect) and such other documents as reasonably may be required in connection with the Metro Bond Funds Loan all in the form approved by any single Authorized Representative (such approval to be conclusively demonstrated by the signature of any single Authorized Representative on such documents).

Section 2. Approve Signing Authorization of Metro Bond Funds Loan Documents.

BE IT RESOLVED, that, the Executive Director of the Authority, the Director of Health, Housing and Human Services, and the Director of Housing Development is each an Authorized Representative, as that term is used in Resolution 1965, and each may individually, on behalf of the Authority, and without further action by the Board, finalize the terms of, execute, acknowledge, and deliver the actions and documents authorized herein.

Section 3. General Resolutions Authorizing and Ratifying Other Actions.

BE IT RESOLVED, that any Authorized Representative is authorized to negotiate, execute and deliver on behalf of the Authority such other agreements, certificates, and documents, and to take or authorize to be taken all such other actions any Authorized Representative shall deem necessary or desirable to carry out the transactions contemplated by the foregoing resolutions (such determination to be conclusively demonstrated by the signature of any single Authorized Representative on such document); and

BE IT FURTHER RESOLVED, that to the extent any action, agreement, document or certification has heretofore been taken, executed, delivered or performed by an Authorized Representative named in these Resolutions on behalf of the Authority to carry out the transactions contemplated by the foregoing resolutions, the same is hereby ratified and affirmed.

NOW, THEREFORE, BE IT RESOLVED, that the Chair or one of the Directors may finalize negotiations, execute, acknowledge and deliver the Documents and any other documents and take any actions that are necessary or desirable to complete the Documents, this Resolution and Order.

DATED THIS ____ DAY OF ____ 2022

BOARD OF COMMISSIONERS FOR THE
HOUSING AUTHORITY OF CLACKAMAS COUNTY

Chair

Recording Secretary

APPROVED AS TO FORM

C. Paul Taylor

COUNSEL FOR HOUSING AUTHORITY
OF CLACKAMAS COUNTY, OREGON

EXHIBIT A

Metro Bond Funds Loan Documents

1. Loan Agreement (Marylhurst Commons)
2. Metro Bond Program Promissory Note (Marylhurst Commons)
3. Line of Credit Leasehold Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents (Marylhurst Commons)
4. Regulatory Agreement (Marylhurst Commons)
5. Replacement Cost and Capital Improvements Agreement (Marylhurst Commons)
6. Priority and Subordination Agreement (Marylhurst Commons)

Other Related Documents

1. Any other documents that are necessary or desirable to be executed and delivered in connection with the Metro Bond Funds Loan as determined by the Executive Director of the Authority; and
2. Any documents that are necessary or desirable to be executed and delivered in connection with the closing of the term loan and repayment of the construction loan pursuant to the provisions of the loan documents as determined by the Executive Director of the Authority.

Project: **Marylhurst Commons**

**LOAN AGREEMENT
(Marylhurst Commons)**

THIS LOAN AGREEMENT (this “**Loan Agreement**” or “**Agreement**”) is entered into as of the 1st day of [September] 2022 (the “**Effective Date**”) by and between MHNW 20 Marylhurst Limited Partnership, an Oregon limited partnership (“**Borrower**”) and the Housing Authority of Clackamas County, a public body corporate and politic of Clackamas County, Oregon (“**Lender**” or “**County**”). Borrower and Lender may be referred to herein jointly as the “**Parties**” or individually as a “**Party**”.

RECITALS

A. The Metro Housing Bond (the “**Bond**”) was approved by voters in the Metro Region (“**Region**”) in 2018. Metro, the regional government for the Oregon portion of the Portland Metropolitan Area (“**Metro**”), will distribute Bond funds to local governments within the Region. The local governments will then make loans or grants to developers of affordable housing on terms more favorable than those offered by private lenders, in order to encourage the development of affordable housing. Metro has approved a grant of \$3,000,000 to County in connection with the Project, defined below.

B. The County has approved a loan to Borrower in the amount of Three Million and No/100 Dollars (\$3,000,000.00) to be used in connection with the construction of Marylhurst Commons Apartments (the “**Project**”) which will contain a total of one hundred (100) apartment units and one hundred forty-eight (148) parking spaces.

C. The Project will be constructed on certain real property leased by Borrower from The Society of the Sisters of the Holy Names of Jesus and Mary, an Oregon nonprofit religious corporation, pursuant to that certain Ground Lease dated as of [____], 2022 (the “**Ground Lease**”) located at 3190 Furman Drive, Lake Oswego, Oregon, as more fully described on **Exhibit A** attached hereto (the “**Property**”). The Property includes the Project and all additional buildings, structures, fixtures, equipment, and other improvements now or later constructed or located upon the Property.

D. Borrower agrees to the restrictions, covenants and obligations set forth herein on the Project, which will run with and be a burden on the Property and will be binding on any subsequent purchaser, grantee, owner or lessee and any other person or entity having any right, title, or interest therein and upon their respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner, or lessee of the Property.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS.

“**Affordability Period**” means a period that begins on the date that the final Certificate of Occupancy is issued and ends no sooner than sixty (60) years after such date unless such period is extended pursuant to the terms of the Note in which event the period shall end no sooner than ninety (90) years after such date.

“**Asset and Property Management Plan**” means the document submitted by Borrower to Lender for review, and subsequently approved by Lender, which defines the goals of the Borrower in developing the Project, including general strategies that will be employed in pursuit of long-term goals.

“**Borrower Loan Agreement**” means, collectively, (i) that certain Project Loan Agreement, dated as of [____], 2022 by and among the Borrower, the Fiscal Agent, and the Governmental Lender and (ii) that certain Construction Phase Financing Agreement, dated as of [____], 2022, by and among the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”), Senior Construction Lender, in its capacities as initial funding lender and Freddie Mac seller/servicer, and acknowledged and accepted by Borrower.

“**Certificate of Occupancy**” means the initial or final Certificate of Occupancy issued for the Project by the City of Lake Oswego, Oregon.

“**Closing Date**” means [____], 2022.

“**County**” means Clackamas County, a political subdivision of the State of Oregon.

“**Completion Notice**” means the Completion Notice issued at the end of the construction process and recorded at the Clackamas County Recorder’s office.

“**Construction Documents**” means the plans and specifications for the Project, the construction contract and architect agreement (if any) for the Project, and any other documents relating to the design or construction of the Project, all as approved in writing by Lender.

“**Construction Funding Agreement**” means the Construction Loan Agreement, dated as of [____], 2022, between the Borrower and Senior Construction Lender.

“**Construction Loan Period**” means the period beginning on the Effective Date until the Conversion Date.

“**Conversion Date**” means the date on which the Senior Construction Loan is converted to the Senior Permanent Loan pursuant to the terms of the Construction Funding Agreement and the Borrower Loan Agreement.

“**Equity Investor**” means Key Community Development Corporation, an Ohio corporation, the investor limited partner of the Borrower, its successors and assigns.

“**Fiscal Agent**” means U.S. Bank Trust Company, National Association, a national banking association.

“**Fiscal Year**” means the period beginning on the first day of January of each year and ending on the last day of December of each year.

“**Funding Loan Agreement**” means the Funding Loan Agreement, dated as of [September 1], 2022, among Governmental Lender, Fiscal Agent, and Senior Construction Lender.

“**General Partner**” means MHNW 20 Marylhurst GP LLC, an Oregon limited liability company.

“**Governmental Lender**” means, collectively, the State of Oregon (the “**State**”), acting by and through its State Treasurer (the “**Treasurer**”) and its Housing and Community Services Department (the “**Department**”).

“**Lease-up Period**” means the period beginning on the date the temporary Certificate of Occupancy is issued for the Project until the Conversion Date.

“**Loan**” means the construction and permanent loan from Lender described in this Loan Agreement in an amount not to exceed Three Million and No/100 Dollars (\$3,000,000.00).

“**Loan Documents**” mean this Loan Agreement, the Note, the Trust Deed, and any other agreement executed by Borrower and Lender in connection with the Loan.

“**Local Implementation Strategy**” or “**LIS**” means the County’s documented strategy to distribute Bond funds for the development of affordable housing.

“**Note**” means that certain Promissory Note, dated [September] 1, 2022, executed by Borrower in favor of Lender and evidencing the Loan.

“**Partnership Agreement**” means the Amended and Restated Limited Partnership Agreement of Borrower, dated as of [____], 2022, among MHNW 20 Marylhurst GP LLC, an Oregon limited liability company, as general partner, and Key Community Development Corporation, as limited partner, as it may be amended and supplemented from time to time.

“**Permanent Loan Period**” means the period beginning on the Conversion Date and ending on the Maturity Date.

“**Pro Forma**” means the projection of Project operations, over time, including analysis of use of cash flow and projected return on investment, attached hereto as **Exhibit B**, as the same may be revised from time to time and agreed upon between Lender and Borrower.

“**Project Based Vouchers**” or “**PBV**” means a rental subsidy provided to the unit to reduce rent for qualifying tenants through the Supportive Housing Services or program, as administrated by the Housing Authority of Clackamas County.

“**Project Operating Budget**” means the project operating budget approved by Lender in writing, attached hereto as **Exhibit C**, as the same may be revised from time to time and agreed upon between Lender and Borrower.

“**Public Subsidy**” means any government-sponsored credit, funding, or abatement, including but not limited to loans; property tax or assessment abatements, credits, or reductions; taxable or tax-exempt bonds; or grants including fee waivers.

“Regulatory Agreement” means the Regulatory Agreement, dated as of [September] 1, 2022 executed by Borrower and Lender in connection with the Loan, as it may be amended.

“Reserve Agreement” means the Replacement Cost and Capital Improvement Reserve Agreement executed by Borrower and Lender in which Borrower agrees to establish and maintain a Replacement Cost and Capital Improvement Reserve Account (**“Reserve Account”**).

“Senior Construction Lender” means KeyBank, National Association, its successors and assigns, in its capacity as the lender of a taxable loan to Borrower in the maximum principal amount of \$[4,574,260], and in its capacity as the initial funding lender and/or seller/servicer of the tax-exempt loan made by the Governmental Lender to the Borrower in the maximum principal amount of \$[22,111,429], the proceeds of which will provide construction financing to the Borrower for construction (the **“Senior Construction Loan”**) and permanent financing (the **“Senior Permanent Loan”**) of the Project pursuant to the Construction Funding Agreement and the Borrower Loan Agreement.

“Senior Deed of Trust” means during the Construction Loan Period, the Line of Credit Instrument Leasehold Trust Deed, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing, dated as of [____], 2022, from Borrower as grantor to the trustee named therein for the benefit of the Senior Construction Lender and Fiscal Agent in its capacity as the fiscal agent for the Governmental Lender and, during the Permanent Loan Period, the Amended and Restated Multifamily Leasehold Deed of Trust, Assignment of Rents and Security Agreement to be entered into on or around the Conversion Date, from Borrower to the trustee named therein for the benefit of Fiscal Agent.

“Senior Lender” shall mean, together, the Senior Construction Lender and the Senior Permanent Lender.

“Senior Note” means, collectively, (i) that certain Promissory Note (Taxable Note) during the Construction Period dated on or about the date hereof from Borrower to the Senior Construction Lender; (ii) that certain Promissory Note (Project Note) during the Construction Period dated on or about the date hereof from Borrower to the Governmental Lender and endorsed to the Fiscal Agent; and (iii) the Amended and Restated Project Note during the Permanent Loan Period dated as of the Conversion Date from Borrower to Fiscal Agent.

“Senior Permanent Lender” means, collectively, KeyBank, National Association, its successors and assigns, as seller/servicer for Freddie Mac, its successors and assigns, from and after occurrence of the Conversion Date.

“Sources and Uses of Funding Budget” means the amounts and sources of all funding for the development of the Project and the construction loan budget approved by Lender in writing, attached hereto as **Exhibit D**, as the same may be revised from time to time with the written consent of Lender which consent shall not be unreasonably withheld, conditioned or delayed and it being understood that the amount of equity relating to federal low income housing tax credits is and shall be subject to adjustment as described in the Partnership Agreement.

“Title Company” means WFG National Title Insurance Company.

“**Trust Deed**” means that certain Line of Credit Leasehold Deed of Trust, Security Agreement, Fixture Filing, and Assignment of Leases and Rents, dated as of [September] 1, 2022, executed by Borrower, as Grantor, in favor of Lender, as Beneficiary, encumbering the Project and securing the Loan.

2. LOAN GENERALLY.

2.1 Loan. On the terms and conditions of this Loan Agreement, Lender agrees to make the Loan in the maximum principal amount of Three Million and No/100 Dollars (\$3,000,000.00) (“**Loan Amount**”). The Loan will initially be a construction loan (the “**Construction Loan**”). The Construction Loan will, subject to satisfaction of the conditions’ precedent set forth in Section 4.1, be converted to a permanent loan. The Loan, after the conversion to a permanent loan may be referred to herein as the “**Permanent Loan.**” The Loan is evidenced by and repayable with interest in accordance with this Loan Agreement and the Note and is secured by the Trust Deed. All payments and prepayments of principal and interest on the Loan and all other amounts payable hereunder or under the Trust Deed by Borrower to Lender shall be made to:

Housing Authority of Clackamas County
Attention: Director
13930 Gain Street
Oregon City, Oregon 97045

or at such other address as Lender may specify in writing.

3. CONSTRUCTION LOAN.

3.1 Loan and Term. Commencing on the Effective Date and ending on the expiration of the Construction Loan Period, Lender agrees, on the terms and conditions of this Loan Agreement and upon satisfaction of all condition’s precedent, to disburse funds from time to time up to a total aggregate principal amount equal to the Loan Amount.

3.2 Disbursements. The proceeds of the Loan will be held by the Lender and will be disbursed in accordance with and subject to all the conditions set forth in Section 3.4 (and, in the case of the final disbursement, Section 3.5).

(a) **Request for Disbursements.** Borrower will request a disbursement by providing Lender with an executed Application and Certificate for Payment (AIA Document G702, or equivalent) and Continuation Sheet (AIA Document G703, or equivalent) (collectively, the “**Application for Payment**”). Lender or Lender’s representative and Borrower or Borrower’s representative will then meet at the Project site to inspect the work, at which time Lender and Borrower will review and agree on the percentage of completion and, if such percentage differs from that set forth in the Application for Payment, the percentage of completion in the applicable Application for Payment will be adjusted accordingly. Borrower will then execute and submit to Lender a Borrower’s Loan Disbursement Authorization in the form attached as **Exhibit E (“Request for Disbursement”)**, together with all supporting documentation required by Lender, including copies of unpaid invoices and/or billing statements from contractors and subcontractors in the amount of the draw request, copies of invoices for all soft cost payments requested, MBE/WBE/ESB, Davis-Bacon or

any other form of regulatory documentation that may be required and, if requested by Lender, lien releases in form and substance satisfactory to Lender from any such contractors or subcontractors. In addition to the conditions and restrictions set forth in this Loan Agreement, the disbursement of Loan proceeds will be subject to such disbursement arrangements and procedures as Lender may establish with any other lender providing financing for the construction of the Project. Any direct disbursement hereunder will constitute disbursement to Borrower. Borrower's submittal of a Request for Disbursement to Lender will constitute an affirmation that all Borrower's representations and warranties set forth in Section 6 are true and correct as of the submittal date.

(b) **Change Orders.** All change orders to the general contractor's contract that materially affect the Project and reallocations of soft costs must be approved in writing by Lender prior to implementation of the work described in such change order. Lender's approval of a change order shall not be unreasonably withheld, conditioned or delayed and shall be provided within five (5) business days; provided that, failure of Lender to respond within such five (5) business day period shall be deemed to be approval in the event (i) Senior Lender has approved such change order, (ii) the changes do not affect the proposed number of units or the unit mix at the Project, (iii) no violation of any of the Loan Documents would result from such changes. A change order that materially affects the Project is a change order (i) over \$100,000, (ii) or \$500,000 in aggregate costs that impact the quality or the nature of the Project over the entire Construction Loan Period, or (iii) that extends the scheduled completion date of the Project, subject to application of force majeure clauses for permissible delays.

(c) **Changes in Line-Item Disbursements.** Any disbursement requests resulting from changes in line-item allocations will not be made without Borrower receiving prior written approval from Lender; provided that Lender's approval shall not be unreasonably withheld, conditioned, or delayed and shall be provided within five (5) business days; provided that, failure of Lender to respond within such five (5) business day period shall be deemed to be approval in the event Senior Lender has approved such line-item allocations.

(d) **Developer Fee.** Borrower's approved developer fee is (\$5,022,584) (the "**Developer Fee**"). Of this total, approximately [\$2,511,292] is expected to be the "**Deferred Developer Fee**" as of the date hereof, which is paid over time from Cash Flow (as defined in the Partnership Agreement), as more fully described in the Partnership Agreement and the Development Agreement (as defined in the Partnership Agreement); provided that, in the event additional equity becomes available under the terms of the Partnership Agreement, the Deferred Developer Fee will be reduced by an amount approved by Equity Investor, Senior Lender and Oregon Housing and Community Services Department, as applicable.

The Developer Fee is payable in installments to ensure Borrower performance and Project completion. However, reasonable releases of the cash portion of the Developer Fee for work actually performed and completed are allowed provided satisfactory benchmarks have been reached and the payment can be made from available Cash Flow are acceptable to Lender and pursuant to participating funders. The schedule of developer fee releases set forth in the provisions of the Partnership Agreement and Development Agreement shall apply.

3.3 Conditions Precedent to Disbursements. At the time of the initial disbursement and each subsequent disbursement of Loan funds:

(a) Lender shall have received an ALTA Extended Mortgagee's Title Insurance Policy from the Title Company in a form reasonably satisfactory to Lender insuring the lien of the Trust Deed, subject only to Permitted Exceptions (as defined in Section 6.5 below) ("**Lender Title Policy**");

(b) Borrower shall have secured a commitment for all financing described in Section 2.2 above and Borrower shall have obtained construction financing from the Senior Construction Lender which, when combined with the Loan proceeds and amounts described in Section 2.2, will be sufficient, in Lender's reasonable opinion, to complete the Project;

(c) Each of Borrower's representations and warranties contained in Section 6 are true and correct in all material respects as if made on and as of the date of such disbursement;

(d) No Event of Default (as hereinafter defined) will have occurred and be continuing under this Loan Agreement (including without limitation a failure to perform any covenant set forth in Section 3.7) or any other Loan Document, and no event will have occurred that, with the giving of notice or passage of time or both, would constitute an Event of Default;

(e) Borrower will have provided to Lender, at Borrower's expense, a contractor's payment, and performance bond in an amount equal to the amount of the construction contract for the Project, naming Lender as an additional obligee and issued by a surety acceptable to Lender;

(f) The contractor and all subcontractors shall have been paid for the amounts covered by prior payment requests;

(g) There will have been no condemnation or casualty that, if not repaired or restored prior to the last day of the Construction Loan Period, would materially and adversely affect the security value of the Project;

(h) The disbursement request will have been made in accordance with this Section 3.3 and will be for one or more-line items shown on the Sources and Uses of Funding Budget;

(i) All change orders included in the draw which require Lender's approval pursuant to Section 3.3(b) have been reviewed and approved by Lender; and

(j) To the extent required under the Construction Funding Agreement, Borrower shall have delivered to Senior Construction Lender for its prior approval each Application for Payment and Request for Disbursement, together with all supporting documentation as described in Section 3.3(a) above, and Senior Construction Lender shall have approved each such Request for Disbursement to the extent required under the Construction Funding Agreement.

3.4 Conditions Precedent to Final Disbursement. At the time of the final disbursement:

(a) Each of the conditions specified in this Section 3.4 will be satisfied in all material respects, or waived by Lender;

(b) All construction work, excepting de minimis punch list items, will be completed as certified by the Borrower, architect, and contractor;

(c) Lender will have received copies of (i) unconditional lien waivers, in form and substance satisfactory to Lender, from the general contractor and all subcontractors who worked on the Project indicating that they have been paid for all work performed for the period up to and including the previous draw request, and (ii) conditional final lien waivers, in form and substance satisfactory to Lender, from the general contractor and all subcontractors who worked on the Project indicating that they have been paid for all work performed for the period between the previous draw request and the final draw request, or the 75-day construction lien period will have expired (without any liens having been filed), or Borrower will have obtained, at its option and expense, an early issue title policy insuring the lien of the Trust Deed against all construction liens that have been or may be filed against the Project;

(d) A Completion Notice will have been posted in accordance with ORS 87.045 and Lender or Lender's representative will have inspected (unless it waives inspection in its sole discretion) the Project to determine that it was completed substantially and in all material respects in accordance with the Construction Documents and other applicable requirements;

(e) A temporary Certificate of Occupancy will have been issued for all units in the Project and all other governmental approvals, licenses, or permits necessary for the use and/or occupancy of the Project will have been obtained; and

(f) Lender will have received from Borrower all required financial or other reporting due to the Lender pursuant to this Agreement and the Regulatory Agreement applicable to the Project in form and substance acceptable to Lender and such supporting documentation as Lender may reasonably request.

3.5 Repayment. Without prejudice to Lender's rights and remedies in the Event of Default or if the conditions precedent to conversion of the Loan to a Permanent Loan are not satisfied, no principal or interest with respect to the Loan will be payable until the last day of the Construction Loan Period, when the entire balance is due unless the Loan converts to a Permanent Loan.

3.6 Covenants of Borrower. Borrower covenants as follows with respect to the construction of the Project, unless Lender has waived compliance in writing:

(a) Borrower will commence construction of the Project within thirty (30) days after the commencement of the Construction Loan Period. All construction work will be done under and in accordance with building permits issued by the City of Lake Oswego, Oregon.

(b) Borrower will use best efforts to comply with established Lender policies outlined in its Local Implementation Strategy, which include twenty percent (20%) participation by minority owned businesses, women owned businesses, emerging small businesses, and disadvantaged business enterprises.

(c) The Project will be constructed in a good, workmanlike, and expeditious manner and will be completed substantially and in all material respects in accordance with the Construction Documents, as evidenced by the written certification of the Project architect and contractor in form and

substance satisfactory to Lender, by [April 1, 2024] (the “**Completion Date**”), as such date may be extended due to reasonable force majeure or other excusable delays within a timeframe approved by Lender. Any change to extend the Completion Date must be approved by the Lender, which approval shall not be unreasonably withheld, conditioned, or delayed.

(d) All Construction Documents and the Sources and Uses of Funding Budget will be approved by Lender in writing and will not be modified subsequent thereto in any material respect without Lender’s prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

(e) Lender and its properly identified agents and representatives will have the right at any reasonable time during normal business hours to inspect the Project upon prior reasonable notice of not less than forty-eight (48 hours), observe the work of construction, examine all materials, plans, specifications, work drawings and other matters relating to the construction, and verify that construction is progressing in compliance with the Lender-approved disbursement schedule and all Construction Documents; provided, however, such inspection by Lender is solely for the purpose of protecting Lender’s rights and interests, and will under no circumstances impose any liability on Lender (other than on account of Lender’s gross negligence or willful misconduct) or result in a waiver of any Event of Default of Borrower or be a representation that Borrower is or will be in compliance with the Construction Documents or other applicable laws or requirements; and provided further that all entry upon the Property shall be subject to safety and security protocols and procedures employed and uniformly applied during construction of the Project.

(f) During construction, Borrower, at its expense, will post at a visible location in front of the Project a sign identifying Lender and Metro as providing Project financing. The location and format of the sign will be approved by Lender prior to its display.

(g) All funds disbursed hereunder will be used by Borrower for such purposes relating to the construction and lease-up of the Project as are shown on the applicable Draw Request for Disbursement and line item of the Sources and Uses of Funding Budget, and for no other purpose. Borrower shall not loan or otherwise make available all or any part of the Loan proceeds to any person or entity without the prior written consent of Lender, acting in its sole and absolute discretion.

(h) Borrower agrees to provide to Lender upon Lender’s reasonable request supporting documentation of all soft costs incurred by Borrower that are shown on the Sources and Uses of Funding Budget (e.g., architectural design expenses, legal and other consultant fees, construction interest, and closing costs), whether or not such costs are paid from Loan proceeds.

(i) If Borrower, after obtaining Lender’s prior written consent, loans proceeds of the Loan to another person or entity at a rate of interest (including cash and in-kind payments) exceeding the rate of interest set forth in the Note, Lender may require, in its sole discretion, that any cash or cash equivalent received by Borrower from such other entity as payment for the use of such funds be refunded to Lender to the extent it exceeds the interest payable under the Note computed at the rate set forth herein.

(j) If at any time Lender reasonably determines that the undisbursed Loan proceeds, together with any sums provided or to be provided by Borrower, by other construction lenders, equity

investors, or by any other third party are insufficient to construct and complete the Project in accordance with the Construction Documents, Borrower agrees, within fifteen (15) business days after written notice from Lender, to obtain documentation satisfactory to Lender demonstrating the availability of additional funds as are necessary to enable the Project to be so completed.

(k) All contractors and subcontractors on the Project will be registered and bonded in accordance with ORS Chapter 701 and will be licensed by the City for construction work.

(l) Borrower agrees to comply with any and all applicable U.S. Department of Housing and Urban Development (“HUD”) requirements applicable to the Project and to include any such requirements in the general contractor’s construction contract, as applicable.

(m) Borrower covenants that there has been no material change in the Project financing as described in Section 2.2 above.

3.7 Retainage. Lender may, at its sole discretion, require Borrower to withhold five percent (5%) retainage of each construction progress payment to ensure performance by Project contractor. Final disbursement of retainage will not be authorized until the seventy-five (75) day lien period has expired, or Lender has received copies of lien waivers, in form and substance satisfactory to Lender, from the general contractor and all subcontractors who worked on the Project indicating that they have been paid for all work performed. This lien period may be reduced, at the option of the Borrower, by satisfying the early issue requirements of the Lender Title Policy and Lender.

3.8 Contingency Funds. A construction contingency reserve (“**Construction Contingency**”) is a line item on the Sources and Uses of Funding Budget and is intended to provide funds in the event of unforeseen costs, including without limitation, required building code corrections, adjustments to the Project as permitted hereunder and by Senior Lender. The Construction Contingency will only be available to Borrower upon compliance with the disbursement procedures set forth in Section 3.3. If at any time prior to completion of construction, Lender reasonably determines that the unused portion of the Construction Contingency is unreasonably low in relation to the amount of work remaining to complete the Project, Lender may restrict or prohibit the use of the remaining portion of the Construction Contingency or require Borrower to make a cash deposit within a specified time period to bring the Construction Contingency up to a reasonable level, as reasonably determined by Lender.

3.9 Holdback. A total of five percent (5%) of Lender funding will be held back from disbursement until Borrower obtains one or more certificates of occupancy issued by the City of Lake Oswego, Oregon for the Project permitting tenants of the Project to occupy all the apartment units in the Project. The withheld amount will be retained and will only be disbursed upon Borrower providing Lender with a copy of such certificates of occupancy. In case of any default hereunder, or under the Promissory Note or the Trust Deed, Lender may use withheld amount to make any payments necessary to correct the default.

4. PERMANENT LOAN.

4.1 Loan. Provided that (a) all conditions precedent to the final disbursement as set forth in Section 3.4 are satisfied or waived in writing by Lender, and (b) Borrower is not in default under any provision of this Loan Agreement or any other Loan Document and no event has occurred that, with

the giving of notice or passage of time or both, would constitute an Event of Default; the Loan will be converted to the Permanent Loan, the initial principal balance of which will be the actual amount disbursed pursuant to the provisions of Section 3. Except as provided in Section 3.9, Lender will have no further obligation to advance any funds to Borrower after the Construction Loan Period, whether or not the Project has been completed. If Borrower has not satisfied the above conditions precedent to the Permanent Loan conversion within thirty (30) days after written notice from Lender (which notice shall not be delivered prior to the Senior Construction Loan Maturity Date, as such term is defined in the Construction Funding Agreement), Lender may, in its sole discretion, (a) require payment in full of the entire outstanding balance on thirty (30) days prior written notice, or (b) grant Borrower additional time to satisfy all conditions precedent, on such terms and conditions as Lender may require. In its sole discretion, Lender may (but is not obligated to) make further disbursements after expiration of the Construction Loan Period (for example, to pay construction liens or otherwise for the protection of its collateral for the Loan), and all such disbursements will be deemed advances and added to the balance of the Loan.

4.2 Permanent Loan Period. The Permanent Loan Period is described in the Note, and subject to the applicable provisions thereof, upon the Maturity Date all principal and accrued interest will be due and payable in full.

4.3 Interest; Repayment. During the Permanent Loan Period, principal and accrued interest will be payable as provided in the Note. Amounts past due, whether by late payment, maturity, acceleration, or otherwise, will bear interest at the Default Rate.

4.4 Cash Flow Payment. During the Permanent Loan Period, Borrower will pay to Lender a Cash Flow Payment as provided in the Note.

4.5 Affordable Units. As part of the consideration for the Loan, Borrower agrees to enter into the Regulatory Agreement with Lender and to maintain and operate the Property according to the following obligations and conditions, which shall survive the Loan closing and payoff:

(a) In order to be considered affordable, an affordable unit must be rented at a monthly rate consistent with the Allowable Rent defined in the Regulatory Agreement.

(b) At all times during the Affordability Period (*), Owner will provide the following Dwelling Units for the Project; provided, that if such PBV contract is not renewed and no other replacement subsidy is available to the Project, MFI for the applicable dwelling units below 60% MFI may be increased up to 60% MFI:

Unit Size	No. of Units	MFI %*	PBV
1-BR, 1-BA	17	60%	0
2-BR, 1-BA	61	60%	0
3-BR, 2-BA	22	60%	0

Total	100		0
--------------	-----	--	---

In the event that a PBV contract is in place during the Affordability Period (*), Owner will provide the following Dwelling Units for the Project; provided, that if such PBV contract is not renewed and no other replacement subsidy is available to the Project, MFI for the applicable dwelling units below 60% MFI may be increased up to 60% MFI:

Unit Size	No. of Units	MFI %*	PBV
1-BR, 1-BA	7	30%	7
1-BR, 1-BA	10	60%	0
2-BR, 1-BA	24	30%	24
2-BR, 1-BA	37	60%	0
3-BR, 2-BA	9	30%	9
3-BR, 2-BA	13	60%	0
Total	100		40

* If the Affordability period is extended pursuant to the Note, MFI for the dwelling units below 60% MFI may be increased up to 60% MFI for years 61 through 90.

4.6 Income to Rent. Borrower shall require no more than 1.5 to 1.0 income to rent ratio for prospective tenants (“**Income to Rent Requirement**”).

(a) Compliance with the Income to Rent Requirement will be demonstrated by providing Lender, at time of lease-up and upon reasonable written request from Lender during the term of the Regulatory Agreement, with a copy of all documentation provided to prospective tenants that explains landlord screening criteria.

(b) Material violation of the Income to Rent Requirement will not be construed as an Event of Default (as defined below) but will be considered an Event of Non-Compliance (as defined below).

5. COLLATERAL.

5.1 Trust Deed; Security Interest in Personal Property Collateral. To secure Borrower’s prompt payment and performance of its obligations under this Loan Agreement and the Note, Borrower shall grant Lender a lien on Borrower’s leasehold interest in the Property and the

Project and a continuing security interest in personal property now or hereafter located on, relating to, or used in connection with the Property or the Project, as and to the extent provided in the Trust Deed.

5.2 Personal Property Lien Perfection. Borrower agrees that Lender has the right to file UCC financing statements, instruments, and documents and Borrower agrees to take such other action as may be required to perfect or to continue the perfection of Lender's security interest in the collateral described in the Trust Deed.

6. BORROWER'S REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants to Lender as follows:

6.1 Power and Authority. Borrower is a limited partnership duly organized, validly existing, and on active status under the laws of the state of Oregon and has the power and authority to enter into the Loan Documents. The General Partner is a limited liability company duly organized and validly existing under the laws of the state of Oregon and has the power and authority to execute the Loan Documents on behalf of Borrower.

6.2 No Violations or Default. Neither Borrower nor any of its affiliates is in default under or in violation of any indenture or agreement to which it is a party or by which it is bound, or any order, regulation, ruling, or requirement of a court or other public body or authority. No creditor has given Borrower notice or threatened to give it any notice of default under any material agreement.

6.3 Litigation. No action, suit, investigation, or proceeding is pending against Borrower or any of its affiliates with respect to the Project before any court or administrative agency, (a) the outcome of which, by itself or taken together with other such litigation, might have a material adverse effect on the business, assets, operations, or financial condition of Borrower, or (b) which purports to affect the legality, enforceability, or validity of any Loan Document.

6.4 Tax Returns and Taxes. All federal, state, and other tax returns of Borrower required by law to be filed have been filed. All other taxes applicable to Borrower, including real property taxes, are current.

6.5 Title to Collateral. All the leasehold collateral described in the Trust Deed is owned by Borrower, and Borrower's interest in such collateral is free and clear of all liens and encumbrances of any kind except for those liens and encumbrances set forth in the Lender Title Policy or otherwise permitted as Permitted Exceptions pursuant to the Trust Deed (collectively, "**Permitted Exceptions**").

6.6 Compliance with Laws. Borrower is in material compliance with all federal, state, and local laws, rules, regulations, ordinances, and orders applicable to it, the Property or the Project, and the operation thereof, including, without limitation, all applicable health and safety, environmental, and zoning laws.

6.7 Financial Statements. All financial statements delivered by Borrower to Lender shall, as of the date thereof, be true, correct, and complete, fairly present the financial condition of the Borrower and the Project at the dates thereof; and be prepared in accordance with generally accepted accounting principles and practices in the United States, consistently applied. Such financial statements shall be audited if Borrower in the regular course of its business prepares audited financial

statements. Since the date of the most recent financial statements delivered to Lender, there has been no material adverse change in the financial condition of Borrower or Project.

7. AFFIRMATIVE COVENANTS.

At all times during the term of this Loan Agreement (including the Construction Loan Period) and until all amounts and obligations owing hereunder and under any other Loan Document will have been paid and performed, Borrower covenants and agrees as follows:

7.1 Licenses; Maintenance of Business. Borrower will remain a limited partnership validly existing under the laws of the State of Oregon and will keep in force all licenses and permits necessary to the proper conduct of its ownership and operation of the Project.

7.2 Performance of Obligations. Borrower will pay the principal of and interest on the Loan in accordance with the terms of the Note and this Loan Agreement, will pay when due all other amounts payable by Borrower hereunder or under any Loan Document, and will comply with all requirements of the Trust Deed.

7.3 Compliance with Laws and Use Restrictions. Borrower will comply with, or cause the Project to comply with, all laws, ordinances, statutes, rules, regulations, orders, injunctions, or decrees of any government agency or instrumentality applicable to Borrower, the Project, or the operation thereof, including (a) all applicable health and safety, environmental, and zoning laws, (b) all requirements under Section 42 of the Internal Revenue Code and the regulations promulgated thereunder, and (c) all restrictions on the use, occupancy or operation of the Project arising from the original source of the Loan proceeds or otherwise required by Lender, including those affordability requirements and/or use restrictions set forth in the Regulatory Agreement and any other applicable regulatory agreement encumbering the Property.

7.4 Other Obligations. Borrower will pay and discharge before the same will become delinquent all indebtedness, taxes, and other obligations for which it is liable or to which its income or property is subject and all claims for labor and materials or supplies which, if unpaid, might become by law a lien (other than a Permitted Exception) upon the collateral described in the Trust Deed, except any thereof whose validity or amount is being contested in good faith by Borrower in appropriate proceedings with adequate provision having been made in accordance with generally accepted accounting principles for the payment thereof if the contest is determined adversely to Borrower. If Borrower fails to discharge any such claim or lien, Lender may, in its sole discretion and without waiving the default, pay the same, which payment will, at Lender's option, be added to the amount outstanding under the Note.

7.5 Indemnity. Borrower will indemnify and hold Lender, its employees and agents harmless from and against any and all liabilities, claims, losses, damages, or expenses (including reasonable attorney fees and title costs and expenses) which any of them may suffer or incur in connection with (a) the inaccuracy of any of the representations and warranties made herein, (b) any transaction contemplated by this Loan Agreement or any other Loan Document, and (c) the construction or operation of the Project, except to the extent such liabilities, claims, losses, damages, or expenses arise solely from the gross negligence or willful misconduct of Lender.

7.6 Financial Information. Borrower will provide to Lender periodic financial statements and other reports required by this Agreement or as otherwise reasonably requested by Lender, including copies of federal and state tax returns.

7.7 Additional Payments; Additional Acts. From time to time, Borrower will execute and deliver all such instruments, provide such additional information, and perform all such other acts as Lender may reasonably request to carry out the transactions contemplated by the Loan Documents.

8. NEGATIVE COVENANTS.

At all times during the term of this Loan Agreement and until all amounts and obligations owing hereunder and under any other Loan Document shall have been paid and performed in full, Borrower will not, directly, or indirectly, without the prior written consent of Lender:

8.1 Ownership/Change in Control. Sell or transfer any beneficial interest in Borrower in violation of the terms of the Note or change or permit a material change in Borrower's structure, except as provided in Section 8.6 of the Trust Deed.

8.2 Sale or Merger. Sell or transfer all or any part of the Property or Project except as provided in Section 8.6 of the Trust Deed, or dissolve, liquidate, merge, reorganize, or consolidate.

8.3 Indebtedness. Except as specifically contemplated in this Loan Agreement, incur any new indebtedness in addition to the Loan or indebtedness secured by Permitted Exceptions other than loans made by a partner or affiliate of Borrower to pay operating deficits; provided, however, Lender shall approve new indebtedness that refinances the Senior Permanent Lender's loan so long as the proposed new loan is in an amount not greater than the then outstanding principal balance of the loan being refinanced plus any costs incurred in connection with such refinance, and Lender shall execute and deliver any commercially reasonable subordination agreement required by the proposed new lender in connection with such refinance (including, without limitation, a subordination agreement containing terms consistent with the Subordination Agreement (as defined in the Note)).

8.4 Liens. Create, assume, or suffer to exist any lien or charge of any kind, direct or indirect, upon any of the Property or the Project, except for Permitted Exceptions and liens in favor of Lender, liens that have been bonded against pursuant to Oregon law, and purchase money security interests and vendor leases incurred in the ordinary course of Borrower's business at the Project.

9. EVENTS OF DEFAULT.

Any of the following which remain uncured shall be an event of default (each, an "**Event of Default**") under this Loan Agreement:

9.1 Failure to Pay Obligations Under Note and Trust Deed When Due. Borrower fails to pay any sum due under the Note within fifteen (15) days after the date it is due or fails to pay any other amount required to be paid by Borrower pursuant to the Trust Deed or the Loan Documents (including, without limitation, taxes, assessments, insurance, and any other payment necessary to prevent filing or imposition of any liens) within ten (10) days after written notice of nonpayment from Lender specifying the Event of Default.

9.2 Failure to Comply with Covenants. Borrower fails to perform or abide by any other covenant in this Loan Agreement or in the Loan Documents and such failure, to the extent curable, is not cured within thirty (30) days after written notice from Lender specifying the Event of Default or, if such breach cannot with due diligence be cured within such period, if Borrower shall fail within such thirty (30) day period commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event will occur within ninety (90) days after the Event of Default notice).

9.3 Failure to Obtain Lender's Consent to Transaction. Borrower engages in a sale, transfer, or assignment, or uses Loan proceeds, in violation of the terms of the Note, the Trust Deed, or the other Loan Documents, or changes the use of the Property without Lender's prior written consent.

9.4 Failure to Comply. Borrower defaults under the Note, this Loan Agreement, the Trust Deed (other than as specified in Section 9.1), or the other Loan Documents and fails to cure an Event of Default within the applicable notice, grace, or cure period, if any, set forth therein.

9.5 Failure to Pay General Debts When Due.

(a) Borrower (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (ii) admits in writing its inability to pay, or generally is not paying, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) commences a voluntary action under the United States 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, winding up, or composition or adjustment of debts, (vii) fails to controvert in a timely or appropriate manner, or acquiesces or consents in writing to, any petition filed against it, in an involuntary action under the United States Bankruptcy Code, or (viii) takes any action for the purpose of effecting any of the foregoing.

(b) A proceeding or case is commenced against Borrower, without its consent, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, windup, or composition or readjustment of the debts of Borrower which proceeding or case is not dismissed within Sixty (60) days of such commencement, (ii) a receiver, trustee, custodian, liquidator, or the like is appointed for Borrower or for all or a substantial part of its assets which is not dismissed within Sixty (60) days of such appointment, (iii) an order for relief against Borrower is entered in an involuntary case under the United States Bankruptcy Code which is not vacated within sixty (60) days of such entry, (iv) relief is granted to Borrower under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, or (iv) an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for a period of sixty (60) days.

9.6 Failure to Disclose Material Facts. Borrower fails to disclose any fact material to the making of the Loan to Borrower, or upon discovery by Lender of any misrepresentation by, or on behalf of, or for the benefit of Borrower.

9.7 Default Under Other Loans. Borrower defaults under any other loan (including any construction, permanent, or bond financing) secured in whole or in part by the Property, including any

loan secured by a Permitted Exception, and fails to cure such default within any applicable cure period after the expiration of all notice and grace periods set forth in the loan documents relating to such loan. If Borrower cures a default under any other loan, that cure will constitute a cure under the Trust Deed, the Note, or the other Loan Documents, provided Borrower is not in default of any other provision of the Trust Deed, the Note, or the other Loan Documents.

9.8 Discontinued Construction. Construction on the Project is discontinued or prohibited for at least sixty (60) consecutive days without the prior written consent of Lender, subject to extensions for delays resulting from force majeure events or regulatory compliance issues outside the control of Borrower, or the Project is abandoned.

9.9 Failure to Diligently Pursue the Project. Borrower fails to diligently pursue the Project during the Construction Loan Period, including the Lease-up Period. Borrower agrees to comply with the Project schedule approved by Lender, a copy of which has been delivered by Borrower to Lender.

9.10 Equity Investor Courtesy Notice. If an Event of Default occurs under this Loan Agreement or any of the other Loan Documents, Lender is aware of such Event of Default, and Lender intends to exercise any of its remedies on account of such Event of Default, then Lender at the same time as it delivers notice to Borrower will deliver written notice of such Event of Default to the Equity Investor. Upon receiving the notice of default pursuant to this subsection, the Equity Investor will have the right but not the obligation to cure, within the same time periods and upon the same parameters provided to Borrower in this Loan Agreement. Lender shall not exercise any of its rights and remedies under this Loan Agreement until the expiration of any notice, grace and cure period afforded to Equity Investor.

10. RIGHTS AND REMEDIES ON DEFAULT.

Upon the occurrence of an Event of Default and the expiration of all applicable notice, grace, and cure periods, and at any time thereafter, Trustee or Lender may, at its option, exercise any one or more of the following rights and remedies, subject to the rights of a Senior Lender:

10.1 Acceleration. Lender may declare the entire remaining unpaid balance of principal and unpaid accrued interest and other charges payable by Borrower pursuant to the Note or any other Loan Document, to be immediately due and payable in full.

10.2 Foreclosure. At Lender's direction, the Trustee will foreclose by notice and sale, or Lender will have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. In any judicial foreclosure, Lender will be entitled to obtain a deficiency judgment (subject to any applicable nonrecourse provisions in the Note) for any amount by which the amount of the obligations secured hereby exceeds the sale proceeds.

10.3 Waiver of Rights. Notwithstanding section 10.2, Lender will have the right, at its sole option, to waive its rights under the Trust Deed and pursue an independent action upon the Note, unless the Note is nonrecourse by its express terms. The Note, Trust Deed, and other Loan Documents are separate and distinct instruments separately or collectively enforceable in accordance with their terms.

10.4 Rights and Remedies. Lender will have any other rights or remedies provided in the Trust Deed, the Note, the other Loan Documents, or any other instrument delivered by Borrower in connection therewith, or available at law, in equity, or otherwise in such order and manner as it may select.

10.5 Notification to Obligor to Pay Rent Directly to Lender. Subject to the rights of Senior Lender, Lender may at any time, without notice, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of the security for the obligations hereby secured, notify obligors of rents to pay Lender directly, and/or enter upon and take possession of the Property or any part thereof, in its own name sue or otherwise collect any and all Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any obligations secured hereby, and in such order as Lender may determine.

10.6 Uniform Commercial Code. Lender will have all rights and remedies under the Oregon Uniform Commercial Code, as amended from time to time. Lender will give Borrower reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or any other intended disposition of personal property collateral is to be made. Reasonable notice will mean notice given at least ten (10) days before the time of the sale or disposition unless a longer period is specified under the Oregon Uniform Commercial Code, as amended from time to time. All sales shall be conducted in accordance with and be subject to all applicable laws, including without limitation, the Oregon Uniform Commercial Code, as amended from time to time.

10.7 Exercising Rights and Remedies. In exercising its rights and remedies, Lender may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Lender may bid at any public sale on all or any portion of the Property. A waiver of a breach of a provision of the Trust Deed will not constitute a waiver of or prejudice the right otherwise to demand strict compliance with that provision or any other provision. An election by Lender to pursue any remedy will not exclude pursuit of any other remedy, and all remedies of Lender under the Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Borrower will not affect Lender's right to declare an Event of Default and exercise its remedies under the Trust Deed.

10.8 [Reserved.]

10.9 Repairs During Redemption. In the event of a judicial foreclosure, the purchaser during any redemption period may make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Property. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment will be added to the amount required to be paid for redemption of the Property.

10.10 Event of Foreclosure. In the event of any judicial or nonjudicial foreclosure sale, to the extent permitted by applicable law, Lender in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and

personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.

10.11 Proceeds of Sale. Subject to the provisions of applicable law, the proceeds of any sale under the Trust Deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured obligations (which includes any applicable prepayment premium or fee) in any order that Lender chooses, and then to any other person or persons who may establish to the satisfaction of Lender that they are legally entitled to it.

10.12 Borrower's Waiver of Rights Upon Sale. Borrower waives all rights to direct the order and/or combinations in which any of the collateral will be sold, and also any right to have any of the collateral marshaled upon any sale. Borrower acknowledges that there is no fiduciary relationship between Borrower and the Trustee or between Borrower and Lender.

10.13 During Construction. In the event of default during the Construction Loan Period:

(a) Subject to the rights of the Senior Lender, Lender will have the right to take over and cause the Project to be completed and, for that purpose, make disbursements from the undisbursed Loan funds. Any contract entered into or indebtedness incurred on the exercise of such right may be exercised by Lender in the name of Borrower, and Lender is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or loan agreements theretofore made by or on behalf of Borrower, and to do any and all things necessary or proper to complete the work of construction, including the signing of Borrower's name to such contracts and documents as may be deemed necessary by counsel for Lender. In no event will Lender be required to use its own funds to complete the Project if undisbursed Loan funds are insufficient, but Lender may, at its option, advance such funds. Any funds so advanced will be payable to Lender by Borrower on demand together with interest thereon at the Default Rate (as hereinafter defined) and shall be secured by the Trust Deed.

(b) Lender will have the right to suspend or terminate its obligation to make further disbursement of Loan proceeds.

10.14 Interest on Default. Upon the occurrence of any Event of Default, interest under the Note will accrue interest on the unpaid principal balance from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate equal to five percent (5%) per annum (the "**Default Rate**"). If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest will bear interest from the Maturity Date at the Default Rate.

10.15 Rights and Remedies Cumulative. All rights and remedies described in Section 10 are cumulative and in addition to any other remedy Lender may have by agreement, at law, or in equity. Partial exercise of any right or remedy will not limit or restrict Lender's subsequent exercise of such right or remedy nor will it restrict Lender's contemporaneous or subsequent exercise of any other right or remedy.

10.16 No Waiver. No failure or delay of Lender in exercising any right hereunder will operate as a waiver of that right or any other right. No modification or waiver of any provision of the Trust Deed or any other Loan Document will be effective unless in writing, and then only in specific

instance and for the purpose given. No notice or demand on Borrower will entitle Borrower to any other notice or demand in other similar circumstances.

10.17 Payment of Costs of Collection. In case of an Event of Default, or in case litigation is commenced to enforce or construe any term of the Trust Deed, the Note, or any other Loan Document, the losing party will pay to the prevailing party such amounts as will be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorney fees and costs prior to and at any arbitration proceeding or at trial, on appeal, or in any bankruptcy proceeding.

10.18 Additional Cure Provisions. The Equity Investor will have the right, but not the obligation, to cure any defaults of Borrower hereunder, and Lender agrees to accept cures tendered by the Equity Investor on behalf of the Borrower and such cure shall be accepted or rejected on the same basis as though such cure were tendered by Borrower.

11. ASSET AND PROPERTY MANAGEMENT.

11.1 Project Operation. Borrower shall cause the Project to be operated in a manner to ensure the Project meets the long-term affordable housing goals of the County and continues to be an asset contributing to the stable inventory of affordable housing in the County. Borrower's obligations described in this section will remain in effect for sixty (60) years after the date the final Certificate of Occupancy for the Project is issued, subject to extension as contemplated in the other Loan Documents.

11.2 Asset Management. Borrower shall manage or oversee the management of the Project according to the following:

- (a) Regulatory Agreement entered into of even date hereof;
- (b) Pro Forma;
- (c) Project Operating Budget; and
- (d) The Asset and Property Management Plan.

11.3 Property Management. At all times at least sixty (60) days before the expected receipt of an initial Certificate of Occupancy for the Project, Borrower will cause the Project to be professionally managed either self-managed or by a property manager reasonably acceptable to Lender; provided that Lender agrees Mercy Housing Management Group, Inc. will be the initial property manager. The Project will be operated and maintained in compliance with all applicable laws and regulations in a manner to ensure maximum benefits intended by the public investment. Upon request by Lender, but no sooner than one hundred twenty (120) days prior to completion of the Project, Borrower will provide Lender with a copy of the management agreement for the Project and any other documents and information related to the operation of the Project which Borrower has in its possession or can obtain and provide to Lender without unreasonable effort or expense. Any change in property management will be approved by Lender, whose approval will not be unreasonably withheld, conditioned, or delayed.

11.4 Unit Rents.

(a) Rents should be periodically reviewed to ensure that (i) the intended target population is being served as required by the Regulatory Agreement, (ii) the Project operating costs, and debt service obligations are covered, and (iii) the required reserves are funded.

(b) The Pro Forma is the agreed upon projection of changes in Gross Revenue and Allowed Expenses over time and was partially the basis for Lender's decision to participate in the Project. However, Lender and Borrower acknowledge that the Pro Forma is a projection based on the best available information at the time of the closing of the Loan and the Parties agree that the Pro Forma may be revised from time to time with the written consent of Lender, whose consent will not be unreasonably withheld, conditioned, or delayed. Lender will consider the performance of the Project relative to affordable housing industry standards and changes in the local housing market. Negative variations in actual financial performance of the Project can affect the Lender's expectation of repayment and put the Project at risk. If the actual rents are significantly lower than the rents proposed in the Asset and Property Management Plan, Borrower must explain the variation in writing to the reasonable satisfaction of Lender or must present to Lender a plan reasonably acceptable to Lender to correct the causes of the lower rents. Failure to do so will result in the Project being placed on Lender's "watch list", which will result in greater monitoring by the Lender.

11.5 Reporting. Borrower shall provide to Lender periodic financial statements and other reports as reasonably requested by Lender, including copies of federal and state tax returns, which will meet the requirements of Section 6.7. Within 180 days after the end of Borrower's Fiscal Year, Borrower shall provide to Lender Project performance reports in a form approved by Lender. Borrower must also provide an audited financial statement (if required in Section 6.7), or an unaudited year-end financial statement. The first Project performance report is due for the Fiscal Year in which the initial Certificate of Occupancy is issued, and Lease-up Period begins. The Project performance report will provide data to be used by Lender to determine Borrower's compliance with the terms of the Loan.

11.6 Site Visits. Lender, or its identified agents, shall have the right, upon reasonable notice of not less than forty-eight (48) hours and subject to safety and security protocols and procedures employed and uniformly applied at the Project and to the rights of tenants in lawful possession, to periodically enter the Project during normal business hours for the purpose of: (i) inspection of the Project to ascertain that the Project (including site, exterior, common areas and interior units) is maintained in a safe, clean, habitable condition and in a manner to prolong the Project's physical life; and (ii) inspection of Project records to determine compliance with and documentation of household income, income eligibility and recertification procedures as well as other terms of the funding sources.

11.7 Lender's Monitoring Role. Lender will strive to coordinate its monitoring role with other lenders to the Project with the goal of lessening the burden on Borrower to prove and Lender to determine whether or not the Project complies with the requirements of the Loan Documents, while applying appropriate due diligence to mitigate the risk of Project non-compliance and Project viability for the period set forth in the Regulatory Agreement.

11.8 Replacement Cost and Capital Improvement Reserve Agreement. Borrower and Lender will enter into the Reserve Agreement, in which Borrower will agree to establish and maintain a Reserve Account which will run with the Property and remain in effect for sixty (60) years after the

date the final Certificate of Occupancy for the Project was issued. The Reserve Agreement will include the following:

- (a) Minimum dollar amounts to be deposited annually in the Reserve Account.
- (b) A description of which type and number of disbursements require Lender's prior written approval.
- (c) A requirement that Borrower provide a bank statement to Lender annually documenting the funds in the Reserve Account and activity in the Reserve Account for the reporting year.
- (d) A requirement that Borrower prepare a Project capital needs assessment to Lender every tenth (10th) anniversary of the commencement of the Permanent Loan Period.
- (e) A requirement that Borrower provide annually a summary of capital improvements completed and/or paid for in the reporting year and a projection of planned capital expenditures for the next year commencing with the first full calendar year in which the Permanent Loan Period commences.

Any reserve account to be maintained by Borrower with or at the request of the Senior Permanent Lender for replacement or capital items or extraordinary repairs shall serve as, and will satisfy the requirements for, the Reserve Account required by the Reserve Agreement. Borrower will furnish Lender with reports on account status and account activities upon request. Once the Senior Permanent Lender's loan is repaid and the requirements of the Senior Lender have been fulfilled, Borrower will comply with the requirements of the Reserve Agreement.

11.9 Non-Compliance with Section 11. It will be an Event of Non-Compliance (each, an "Event of Non-Compliance"), but not an Event of Default if Borrower (i) fails to provide periodic reports according to Section 11.5; (ii) fails to manage the Project as described in the Asset and Property Management Plan submitted by Borrower; or (iii) targets rents at a level significantly lower than those proposed in the Asset and Property Management Plan. In the event of an Event of Non-Compliance, Lender may apply any reasonable interactions necessary to remedy the failures described above, including but not limited to:

- (a) Lender may increase monitoring of the Project operations by requiring Borrower to report more frequently to Lender or by conducting on-site inspections more frequently;
- (b) If Lender reasonably determines at any time during the term of the Loan that Borrower's property manager is not performing its duties consistent with applicable state and local regulations or that an event of default has occurred and is continuing beyond any applicable cure periods under the Property Management Agreement between Borrower and the property manager, Lender may require Borrower to retain as soon as practicable a replacement property manager reasonably acceptable to Lender; provided that, any removal of a property manager shall be subject to the prior approval of Senior Lender and Equity Investor, as applicable and/or

(c) Lender may require Borrower to submit a corrective action plan, to be reviewed and approved by Lender, which includes proposed actions to be monitored for follow-through to achieve the desired results.

Failure to comply with the requirements established by Lender pursuant to this Section may result in Borrower's ineligibility for funding for future projects.

12. MISCELLANEOUS.

12.1 Recourse Provision. The obligations under the Note, including obligations secured by the Trust Deed, are with recourse to the Borrower and its general partner during the Construction Loan Period. When the Permanent Loan Period begins, notwithstanding any other provision of the Note or this Loan Agreement, but subject to the qualifications set forth below in this section, the obligation to pay the indebtedness evidenced by or arising under the Note will be nonrecourse as to Borrower and its partners except as to their rights, if any, in the collateral described in the Trust Deed, and no personal judgment may be obtained against Borrower or any of its partners; provided, however, that Borrower and its general partner will be personally liable for (a) failure to pay taxes, assessments, or other charges which could result in liens (including construction liens) against the collateral described in the Trust Deed, (b) retention by Borrower or its general partner of any rental or other income or insurance or condemnation proceeds arising with respect to such collateral which, under the terms of the Trust Deed, should have been paid to Lender, and (c) any liability or losses incurred by Lender as a result of any fraud or material misrepresentation by Borrower in connection with this Loan.

12.2 Counterparts. This Loan Agreement may be executed in any number of counterparts, and any single counterpart or set of counterparts signed, in either case, by all the Parties hereto will constitute a full and original instrument, but all of which will together constitute one and the same instrument.

12.3 Survival. All agreements, representations, and warranties will survive the execution and delivery of this Loan Agreement, any investigation at any time made by Lender or on its behalf, the making of the Loan, and the delivery of the Note.

12.4 Notice. Any notice required or permitted under this Loan Agreement will be in writing and will be deemed effective; (1) when actually delivered in person, (2) one business day after deposit with a commercial courier service for "next day" delivery, or (3) three business days after having been deposited in the United States mail as certified or registered mail, addressed to the Parties as follows:

To Borrower: MHNW 20 Marylhurst Limited Partnership
c/o Mercy Housing Northwest
6930 Martin Luther King Jr Way S
Seattle, WA 98118
Attention: Joseph Thompson
E-mail: joseph.thompson@mercyhousing.org
Telephone: (206) 838-5700

with a copy to: Kantor Taylor PC

1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Attention: Andrea Sato
E-mail: asato@kantortaylor.com
Telephone: (206) 812-2505

If to Equity Investor: Key Community Development Corporation
Mailcode OH-01-10-0633
127 Public Square
Cleveland, Ohio 44114
Attention: Asset Manager

with a copy to: Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, MA 02116
Attention: Kristen Cassetta
E-mail: kristen.cassetta@hklaw.com

If to Lender: Housing Authority of Clackamas County
Attention: Executive Director
13930 Gain Street
Oregon City, Oregon 97045
Telephone Number: 503 742-5336
Email: Jsmith6@clackamas.us

with a copy to: Clackamas County Counsel
Attention: Stephen L. Madkour
2051 Kaen Road, Suite 254
Oregon City, Oregon 97045
Telephone Number: (503) 655-8362
Email: smadkour@clackamas.us

12.5 Successors and Assigns. This Loan Agreement will be binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns. Notwithstanding the foregoing, in the event a Senior Lender acquires title to the Project through foreclosure, or deed in lieu of foreclosure, neither the Senior Lender, nor any subsequent purchaser of the Project following such foreclosure, or deed in lieu of foreclosure, shall be deemed a “successor or assign” of Borrower.

12.6 Governing Law. This Loan Agreement and the other Loan Documents will be governed by and construed under Oregon law without regard to the conflict of law provisions of Oregon law.

12.7 Assignment. Borrower may not assign this Loan Agreement without the prior written consent of Lender.

12.8 Modification; Prior Loan Agreements; Headings. This Loan Agreement may not be modified or amended except by an instrument in writing signed by Borrower and Lender. This Loan Agreement, taken together with the other Loan Documents, reflects and sets forth the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to such subject matter. The headings in this Loan Agreement are for the purpose of reference only and will not limit or otherwise affect any of the terms hereof.

12.9 Recitals. The Recitals are incorporated into this Agreement as if set forth herein.

12.10 Validity; Severability. If any provision of this Loan Agreement is held to be invalid, such event will not affect, in any respect whatsoever, the validity of the remainder of this Loan Agreement, and the remainder will be construed without the invalid provision so as to carry out the intent of the Parties to the extent possible without the invalid provision.

12.11 Exhibits. Any exhibits attached to this Loan Agreement and referred to herein are incorporated in this Loan Agreement as if they were fully set forth in the text hereof.

12.12 Time of Essence. Time is of the essence of this Loan Agreement and each of the Loan Documents.

12.13 No Third-Party Beneficiaries. This Loan Agreement is not intended to confer upon any person other than the Parties to this Loan Agreement any rights or remedies under this Loan Agreement; provided that, Equity Investor, General Partner (or the members of General Partner) of Borrower shall have the right, but not the obligation, to cure any Event of Default hereunder and such cure shall be accepted or rejected on the same basis as though such cure were tendered by Borrower.

*[The remainder of this page intentionally left blank.
The next page is the signature page.]*

IN WITNESS WHEREOF, the Parties have caused this Loan Agreement to be executed by their duly authorized representatives as of the Effective Date.

LENDER:

HOUSING AUTHORITY OF CLACKAMAS COUNTY,
a public body corporate and politic of Clackamas County, Oregon

By: _____
Toni Karter
Interim Executive Director

BORROWER:

MHNW 20 MARYLHURST LIMITED PARTNERSHIP,
an Oregon limited partnership

By: MHNW 20 Marylhurst GP LLC,
an Oregon limited liability company
Its: General Partner

By: Mercy Housing Northwest,
a Washington nonprofit corporation
Its: Manager

By: _____
Name: Joseph Thompson
Its: President

List of Exhibits

- Exhibit A Legal Description of Property
- Exhibit B Pro Forma
- Exhibit C Project Operating Budget
- Exhibit D Sources and Uses of Funding Budget
- Exhibit E Request for Disbursement

EXHIBIT A
Legal Description

EXHIBIT B

Pro Forma

[The Pro Forma is set forth on pages B-2 through B-[] which follow.]

EXHIBIT C

Project Operating Budget

[The Project Operating Budget is set forth as part of the Pro Forma, Exhibit B.]

EXHIBIT D

Sources and Uses Funding Budget

[The Sources and Uses Funding Budget is set forth as part of the Pro Forma, Exhibit B.]

EXHIBIT E

Request for Disbursement

*[The Request for Disbursement is set forth on pages E-2 and E-*** which follow.]*

Project: Marylhurst Commons

**METRO BOND PROGRAM PROMISSORY NOTE
(Marylhurst Commons)**

\$3,000,000.00

[September] 1, 2022

MHNW 20 MARYLHURST LIMITED PARTNERSHIP, an Oregon limited partnership (“**Borrower**”), promises to pay to the order of the Housing Authority of Clackamas County, a public body corporate and politic of Clackamas County, Oregon (“**Lender**”), the principal amount of Three Million and No/100 Dollars (\$3,000,000.00), or so much thereof as may be disbursed pursuant to the terms of that certain Loan Agreement of even date herewith between Borrower and Lender (the “**Loan Agreement**”), together with any accrued interest.

This promissory note (“**Note**”) is the note referred to in the Loan Agreement and is entitled to the benefits of, and subject to the limitations of, the Loan Agreement. Capitalized terms used herein without definition have the meaning ascribed to them in the Loan Agreement.

1. CONSTRUCTION LOAN.

The Construction Loan will accrue interest at the rate of one and no one-hundredths percent (1.00%) per annum on amounts disbursed hereunder from the date of the first disbursement until the earlier of the conversion of the Construction Loan to the Permanent Loan or the repayment of the Construction Loan. The Loan will be deemed to be a “construction loan” from the date of the first disbursement of the Loan until the Conversion Date (“**Construction Loan Period**”). Upon written request by Borrower and with the prior written consent of Lender (which consent shall be granted in the event Borrower validly exercises its rights to extend the term of the Senior Construction Loan), the Construction Loan Period may be extended for one six (6) month period. The unpaid principal balance of this Loan (the “**Loan**”) will be due and payable on the last day of the Construction Loan Period (including any extension approved by Lender); provided, however, if the conditions set forth in Section 4.1 of the Loan Agreement are satisfied as provided therein, the Loan, together with any accrued interest thereon, shall be payable as set forth below in Section 2 of this Note and in Section 4 of the Loan Agreement.

2. PERMANENT LOAN.

(a) If the conditions set forth in Section 4.1 of the Loan Agreement are satisfied as provided therein, the Loan will be converted to a Permanent Loan. The “**Permanent Loan Period**” means the period that begins on the first day after the expiration of the Construction Loan Period and ends on the Maturity Date, as defined in Section 3 of this Note. During the Permanent Loan Period interest will accrue on the unpaid principal balance at the rate of one and no one-hundredths percent (1.00%) per annum.

(b) If not earlier paid, until the Maturity Date, when all principal and interest will be due and payable in full, Borrower will make Cash Flow Payments to Lender as described in Section 4 of this Note.

(c) Each payment will be applied first, at Lender's option, to any unpaid late charges or other sums payable by Borrower under this Note or any other Loan Documents or instruments executed by Borrower in connection with the Loan, then to accrued interest on this Note and then to the principal balance of this Note.

3. MATURITY DATE; PAYMENT AT MATURITY.

(a) The maturity date means the earlier of the date when this entire Note, principal, and interest, is paid in full or the sixtieth (60th) anniversary of the date on which the final Certificate of Occupancy for the Project is issued by the City of Lake Oswego, Oregon ("**Maturity Date**"). Subject to the provisions of Section 3(b), the unpaid principal balance of this Note and all unpaid accrued interest thereon and all sums payable by Borrower in connection with this Note shall be due and payable in full on the Maturity Date or, at Lender's option, upon any Event of Default under this Note, the Loan Agreement, Trust Deed or any other agreement or instrument securing this Note, which default remains uncured after expiration of any applicable notice, cure, or grace period.

(b) In lieu of the payment of the principal balance plus all unpaid accrued interest, Borrower, at its election and in Lender's sole discretion, may satisfy the entire indebtedness owing on the Maturity Date by electing to extend the Affordability Period for an additional period of thirty (30) years. In such event, Borrower and Lender will execute and record an amendment to the Regulatory Agreement extending the term for an additional thirty (30) years starting with year 61 and ending at the end of year 90 and permitting Borrower to increase the MFI for all Dwelling Units with an MFI below 60% up to 60%, with the other terms and provisions continuing to be in full force and effect.

4. CASH FLOW PAYMENT.

(a) Borrower will pay to Lender on the first day of [October] of the calendar year immediately following the year in which the Permanent Loan Period commences, and on the first day of October of each year thereafter (if not earlier paid in such year) an amount equal to ten percent (10%) of the remaining Cash Flow (as defined in the Partnership Agreement) after payments with a higher priority as described in Section 4.1(a) of the Partnership Agreement are paid (each a "**Cash Flow Payment**"), in addition to any payments required pursuant to Sections 1 and 2 of this Note until this Note is paid in full; provided however that, notwithstanding the foregoing or anything else herein to the contrary, in the event Cash Flow is insufficient to make any Cash Flow Payment due hereunder for any period (other than final payment due on the Maturity Date), such insufficiency shall not, in and of itself, constitute an Event of Default (however denominated) under this Note, the Loan Agreement, Trust Deed or any other agreement or instrument securing this Note, and amounts not paid on account of such insufficiency shall remain outstanding hereunder and accrue interest as otherwise set forth herein.

(b) Borrower covenants not to amend, or allow any amendment of, its Partnership Agreement without the prior written consent of Lender, if any such amendment has the effect, or would reasonably be calculated to have the effect, of materially reducing Cash Flow available to

make payments as required by this Note; provided that, the consent of Lender shall not be unreasonably withheld, conditioned or delayed if the amendment is required or otherwise necessitated by law, including but not limited to, federal income tax laws.

(c) The Pro Forma will be used as a benchmark for Lender's approval of Project operating expenses. Lender retains the authority to review and approve, without unreasonable condition or delay, the inclusion of any and all Project operating expenses included in the calculation of Cash Flow, using the Project Operating Budget as a benchmark of allowable expenditures.

5. PREPAYMENT.

Borrower may prepay principal and interest in whole or in part at any time without penalty. All prepayments will be applied first to late fees and default interest, if any, second, to accrued interest on this Note, and then to the principal balance of this Note. Partial prepayments will not affect the obligation of the Borrower to pay the Cash Flow Payments provided for above or any other obligation of Borrower under this Note.

6. LATE CHARGE.

Subject to Section 4(a) above, if any payment due under this Note is not paid in full within ten (10) business days of its due date, a late charge equal to five percent (5%) of the late payment will be charged unless waived by Lender. That late charge must be paid with the first payment due after Borrower has received written notice of the late charge, but, if not so paid, Lender may elect to (a) refuse any late payment or any subsequent payment unless accompanied by the applicable late charge, (b) add the late charge to the principal balance of this Note, or (c) treat the failure to pay the late charge as demanded as a default under this Note. If a late charge is added to the principal balance of this Note, it will bear interest at the same rate as the principal balance of this Note. However, assessment of a late charge is not a waiver of Lender's right to demand and receive timely payment of any payments due or a waiver of any of Lender's remedies hereunder or under the Trust Deed or any other instrument or agreement securing this Note.

7. DUE ON TRANSFER; NO CHANGE IN USE.

(a) Any Sale or Transfer (or any attempted Sale or Transfer), as such terms are defined in the Trust Deed, of all or any part of, or any interest in, the Land or the Project, or any beneficial interest in Borrower, without the prior written consent of Lender (which Lender may grant, condition, or withhold in its sole and absolute discretion and which may be conditioned upon transferee's assumption of the obligations under this Note) is prohibited, and upon any such prohibited Sale or Transfer, this Note and all other indebtedness secured by the Trust Deed shall become immediately due and payable in full. Lender reserves the right to approve such a Sale or Transfer that would otherwise be prohibited. Any transferee will be bound by the terms of this Note. The term "Sale or Transfer" hereunder does not include any sale or transfer specifically excepted by Section 8.6 of the Trust Deed.

(b) Borrower will not change the use of the Property without Lender's prior written consent, which may be withheld or conditioned in Lender's sole and absolute discretion.

8. EVENTS OF DEFAULT.

Borrower will be in default under this Note if any one or more of the Events of Default described in the Trust Deed or the Loan Agreement, which are incorporated by reference in this Note, occur and continue beyond any applicable notice, grace, and cure periods.

9. LENDER'S RIGHTS AND REMEDIES ON DEFAULT.

Upon the occurrence of any Event or Events of Default and after the expiration of all applicable notice, grace and cure periods, Lender may exercise any one or more of the rights and remedies on default described in the Trust Deed or the Loan Agreement, which are incorporated by reference in this Note.

Upon the occurrence of any Event or Events of Default and after the expiration of all applicable notice, grace and cure periods, interest under this Note will accrue on the unpaid principal balance from the date of the Event of Default, or subject to Section 4(a) above, if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate equal to five percent (5%) per annum (the "**Default Rate**"). If the unpaid principal balance and all accrued interest are not paid in full, or otherwise satisfied, on the Maturity Date, the unpaid principal balance and all accrued interest will bear interest from the Maturity Date at the Default Rate. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

10. RECOURSE PROVISION.

The obligations under this Note, including the obligations secured by the Trust Deed, are with recourse to the Borrower and its general partner during the Construction Loan Period. When the Permanent Loan Period begins, notwithstanding any other provision of this Note or the Loan Agreement, but subject to the qualifications set forth below in this Section, the obligation to pay the indebtedness evidenced by or arising under this Note will be nonrecourse as to Borrower and its partners except as to their rights, if any, in the collateral described in the Trust Deed, and no personal judgment may be obtained against Borrower or any of its partners; provided, however, that Borrower and its general partner will be personally liable for (a) failure to pay taxes, assessments, or other charges which could result in liens (including construction liens) against the collateral described in the Trust Deed, (b) retention by Borrower or its general partner of any rental or other income or insurance or condemnation proceeds arising with respect to such collateral which, under the terms of the Trust Deed, should have been paid to Lender, and (c) any liability or losses incurred by Lender as a result of any fraud or misrepresentation by Borrower in connection with this Loan.

11. MISCELLANEOUS.

This Note may not be modified or amended except in writing and signed by Borrower and Lender with the prior consent of the Senior Lender. This Note, together with the Loan Agreement, Trust Deed, Regulatory Agreement and Replacement Cost and Capital Improvement Reserve Agreement, reflects and sets forth the entire agreement and supersedes all prior agreements and understanding relating to such subject matter. Time is of the essence of each provision of this Note. Borrower waives presentment for payment, notice of dishonor, protest, notice of protest and diligence in collection, and consents that the time of payment of the principal balance and accrued interest, or any part thereof, may be extended by Lender without otherwise modifying, altering, releasing, affecting, or limiting Borrower's liability or the security for this Note. If any provision of this Note is held to be invalid, such event will not affect, in any respect whatsoever, the validity of the remainder of this Note. This Note shall be construed in accordance with Oregon law without regard to the conflict of law provisions of Oregon law.

12. SUBORDINATION.

The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by that certain Promissory Note (Project Note) and that certain Promissory Note (Taxable Note) (and any schedules) each dated on or about the date hereof executed by Borrower in favor of the Governmental Lender and KeyBank, National Association, respectively, and each secured by that certain Line of Credit Instrument, Leasehold Trust Deed, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing, dated on or about the date hereof, recorded in the official real property records of Clackamas County, Oregon; and subordinated to the extent and in the manner provided in that certain Priority and Subordination Agreement, dated on or about the date hereof, among the Senior Construction Lender, the State of Oregon acting by and through its State Treasurer and its Oregon Housing and Community Services Department, the Borrower, the Equity Investor, the Lender, and the other parties thereto ("**Subordination Agreement**"). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of this Note, to have agreed to perform and observe all the terms, covenants, and conditions to be performed or observed by the Lender under the Subordination Agreement. Any capitalized terms used in this Section 12, but not otherwise defined in this Note, shall have the meanings given to such terms in the Loan Agreement.

[The remainder of this page intentionally left blank. The next page is the signature page.]

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first set forth above.

BORROWER:

MHNW 20 MARYLHURST LIMITED PARTNERSHIP,
an Oregon limited partnership

By: MHNW 20 Marylhurst GP LLC,
an Oregon limited liability company
Its: General Partner

By: Mercy Housing Northwest,
a Washington nonprofit corporation
Its: Manager

By: _____
Name: Joseph Thompson
Its: President

When Recorded Return to:

Housing Authority of Clackamas County
Attention: Director
13930 Gain Street
Oregon City, Oregon 97045

**LINE OF CREDIT LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT,
FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS
(Marylhurst Commons)**

**THIS DOCUMENT CONSTITUTES A FIXTURE FILING
IN ACCORDANCE WITH ORS § 79.0502(3)**

LINE OF CREDIT LEASEHOLD TRUST DEED

The maximum principal amount to be advanced pursuant to the Loan Agreement (as defined below) is \$3,000,000.00. Such amount may be exceeded (at Beneficiary's option) to complete the construction of previously agreed-upon improvements on the Land (as defined below) pursuant to ORS 86.155. The maturity date is the date that is sixty (60) years after the date that the final Certificate of Occupancy is issued by the City of Lake Oswego, Oregon for the Improvements on the Land.

THIS LINE OF CREDIT LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS (this "Trust Deed") is entered into as of the 1st day of [September], 2022 by and among MHNW 20 Marylhurst Limited Partnership, an Oregon limited partnership, as "Grantor," whose address is 6930 Martin Luther King Jr. Way S, Seattle, Washington 98118, WFG National Title Insurance Company, as "Trustee," whose address is 700 NE Multnomah Street, Suite 190, Portland, Oregon 97232, and the Housing Authority of Clackamas County, a public body corporate and politic of Clackamas County, Oregon as "Beneficiary," whose address is 13930 Gain Street, Oregon City, Oregon 97045.

This Trust Deed is the Trust Deed referred to in the Loan Agreement and is entitled to the benefits of, and subject to the limitations of, the Loan Agreement. Capitalized terms used herein without definition have the respective meanings ascribed to them in the Loan Agreement.

This Trust Deed secures an obligation incurred for the construction of an improvement on land and is a "construction mortgage" under ORS 79.0334(8).

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT AND CONVEYANCE.

FOR VALUE RECEIVED, Grantor does hereby convey to Trustee, in trust, WITH POWER OF SALE, Grantor's leasehold interest in that certain real property situated in the County of Clackamas, State of Oregon, and described in **Exhibit A** (the "**Land**"), which leasehold estate is created by that certain Ground Lease dated as of [], 2022, between The Society of the Sisters of the Holy Names of Jesus and Mary, an Oregon nonprofit religious corporation, as lessor, and Grantor, as lessee (the "**Ground Lease**");

TOGETHER WITH a security interest in, and a lien upon, all improvements, property and property rights associated with the Land, and all proceeds thereof, whether now owned or hereafter acquired, including, but not limited to, the following:

(a) Grantor's leasehold estate in the real property and all rights to the alleys, streets and roads adjoining or abutting the Land, together with and including all right, title and interest of Grantor therein, and which leasehold estate is created by the Ground Lease;

(b) All buildings, structures, and improvements now or at any time hereafter erected, constructed and situated upon the Land or any part thereof and all apparatus, appliances, furnaces, boilers, machinery, engines, equipment and other like property and fixtures of every kind and description now or hereafter affixed or attached to or located in any such improvements;

(c) All furniture, fixtures (including without limitation appliances), equipment, and other personal property used in connection with the operation of the Land and Improvements (as defined below); and

(d) All general intangibles, licenses, accounts (but excluding the operating reserve created under Grantor's Partnership Agreement), contracts and contract rights (including construction and architect contracts), leases, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements (as defined below), Rents (as defined in Section 4 below), plans and specifications, engineering environmental or other reports and studies, management contracts or agreements, zoning rights and privileges, permits, and certificates required, used or created in connection with the construction, ownership, operation or maintenance of the Land or Improvements.

(e) Items (b) through (d) are collectively the "**Improvements.**" The Land and Improvements are collectively referred to as the "**Leasehold Property.**" The acquisition, construction, improvement and equipping of certain buildings pursuant to the Loan Agreement (as defined below) is referred to herein as the "**Project.**"

Grantor is indebted to Beneficiary according to the terms of the Note of even date herewith in the principal amount of Three Million and No/100 Dollars (\$3,000,000.00), under which the final payment of principal and interest will be due on the date that is sixty (60) years after the date that the final Certificate of Occupancy is issued by the City of Lake Oswego,

Oregon for the Improvements on the Land. The Note, together with any note or notes given in renewal, modification, substitution or in addition to the promissory note originally issued, is referred to herein as the “**Note.**” This Trust Deed, and the lien and security interest granted hereunder, are given to secure (a) repayment of all principal, interest and late charges under the Note, (b) performance of all obligations of Grantor under that certain Loan Agreement of even date herewith between Grantor and Beneficiary (“**Loan Agreement**”), (c) any future amounts that Beneficiary may in its discretion loan to Grantor, with interest thereon, (d) any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Beneficiary or Trustee to enforce obligations of Grantor, as permitted under this Trust Deed, with interest thereon at the default rate under the Note, and (e) performance of all other obligations of Grantor under this Trust Deed or under the Note.

2. COVENANTS.

Grantor represents, warrants and covenants as follows:

2.1 Title. Grantor is the lawful holder of the Leasehold Property under the Ground Lease and the Leasehold Property is free and clear of any trust deed, mortgage, lien, charge, encumbrance, easement or other matter affecting title thereto, other than property taxes not yet due and payable, utility easements, liens securing loans in favor of any senior lender to which the lien of this Trust Deed is expressly subordinated in writing, liens securing loans to any other lender named in that certain Priority and Subordination Agreement, dated as of [September 1] 2022, among the Senior Lender, the Borrower, the Lender, and the other parties thereto (the “**Priority and Subordination Agreement**”), use restrictions and covenants required by any government agency in connection with the low-income housing use of the Leasehold Property, liens and encumbrances set forth in the Lender Title Policy (as defined in the Loan Agreement), and any other matters approved by Beneficiary in writing (collectively, the “**Permitted Exceptions**”). Grantor will maintain and preserve the lien of this Trust Deed until the obligations secured hereby have been paid in full.

2.2 Performance. Grantor shall pay to Beneficiary promptly when due all amounts due under the Note, the Loan Agreement, this Trust Deed, and any other documents executed by Grantor in favor of Beneficiary in connection herewith and shall strictly perform all obligations imposed upon Grantor by this Trust Deed.

2.3 Maintain Property. Grantor will protect, preserve, and maintain, at Grantor’s expense, all Improvements in good order and repair (ordinary wear and tear excepted) and will not permit or cause any waste of the Leasehold Property, and will complete or restore promptly and in a good and workmanlike manner, all repairs necessary to the Land and Improvements that may be constructed, damaged, or destroyed. Grantor will not conduct or permit any nuisance to be maintained on the Land. Grantor will not remove from the Land or demolish any of the Improvements, except as contemplated in connection with the initial construction of the Project.

2.4 Access by Beneficiary. Beneficiary and its identified agents and representatives may, upon forty-eight (48) hours’ prior notice, except in the case of an emergency when no notice will be required, enter upon the Leasehold Property during normal business hours and subject to safety and security protocols and procedures employed at the Leasehold Property and

uniformly applied and subject to the rights of tenants in lawful possession, to attend to Beneficiary's interest and to inspect the Leasehold Property. This provision will not be construed to allow Beneficiary or its representatives to violate (or cause the Grantor or any property manager to violate) the provisions of the Oregon Landlord Tenant Act.

2.5 Insurance. The Grantor will obtain and maintain (a) commercial general liability and property damage insurance, naming Beneficiary, as additional insureds, covering the Improvements and the Land and the work and business conducted thereon, with such limits as Beneficiary may reasonably request from time to time, and (b) insurance against loss or damage to the Improvements and other tangible Leasehold Property (other than the Land) by fire and any of the risks covered under an "all risk" policy, with extended coverage and course of construction endorsements and with a standard lender's loss payable clause naming as beneficiary "Clackamas County, Oregon" in an amount not less than the full replacement value of the Improvements, in each case in a company or companies acceptable to Beneficiary, and will deliver copies of all such policies and renewals thereof to Beneficiary. Each such policy of insurance will require at least 30 days' prior written notice to Beneficiary of cancellation or reduction of coverage. Grantor agrees that it will comply with the requirements of Beneficiary as to the purchase and maintenance of flood insurance, as those requirements are established by Beneficiary's policies and requirements in effect from time to time.

WARNING:

Unless you (Grantor) provide us (Beneficiary) with evidence of the insurance coverage as required by our contract or Loan Agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

In the event of a loss, Grantor shall immediately notify Beneficiary, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Beneficiary, who may compromise with any insurance company and make a final settlement that shall be binding upon Grantor. Beneficiary shall have the option, in its sole and absolute discretion, to apply all such proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorney fees, incurred by it in connection with such proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all such proceeds, after such deductions, to

the repair or restoration of the Improvements upon the Land upon such conditions as Beneficiary may determine. Notwithstanding any of the foregoing, such proceeds, less any legal costs and fees incurred by Beneficiary, shall be used to reimburse Grantor for the cost of restoration of the Improvements, provided that restoration is economically and legally feasible in the reasonable judgment of Beneficiary and provided further that Grantor is not in an uncured default under any of the Loan Documents. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. In the event that this Trust Deed is subordinate to a senior construction or permanent deed of trust at the time of the loss (including, but not limited to, the Senior Trust Deed (as defined below)), the provisions of such senior deed of trust with respect to use of proceeds of insurance to repair or restore the Improvements shall control.

2.6 Liens, Taxes and Assessments. Grantor shall, so long as this Trust Deed remains in force, keep the Leasehold Property free from construction liens and shall timely pay all taxes, assessments, charges, or liens that may be levied or assessed upon the Leasehold Property, before any tax, assessment, charge, or lien becomes past due or delinquent, and before commencement of any foreclosure or collection proceedings that may threaten the security of this Trust Deed. Grantor will not, without Beneficiary's prior written consent, place or allow any liens or encumbrances to be placed on the Leasehold Property (other than Permitted Exceptions).

2.7 Other Loans Kept Current. Grantor shall timely make all payments due and perform all other covenants under all other loans secured by the Leasehold Property.

2.8 Environmental Matters.

(a) Grantor shall indemnify and hold harmless Beneficiary from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims (collectively, the "**Claims**") arising out of or relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Leasehold Property of any Hazardous Material (including, without limitation, any Claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "superfund" or "super lien" law or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree applicable to the Leasehold Property or to the operations thereon that regulates, relates to or imposes liability or standards of conduct concerning any Hazardous Material ("**Environmental Laws**"); provided that, Grantor shall not indemnify Beneficiary from and against Claims resulting from the gross negligence or willful misconduct of Beneficiary. For purposes of this Trust Deed, the term "**Hazardous Material**" means any and all hazardous or toxic substances, wastes or materials as listed or defined by any Environmental Law other than those substances typically used in the construction, rehabilitation, and operation of a multifamily residential apartment project, used in compliance with Environmental Laws. Grantor will give Beneficiary prompt written notice of any proceeding, inquiry or notice by or from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any hazardous materials on the Leasehold Property, and of Grantor's discovery of any hazardous materials on, in or under the Leasehold Property.

(b) Grantor warrants to Beneficiary that, to the best knowledge and belief of Grantor and based on the Environmental Report (as defined below) commissioned by Grantor

prior to the date of this Trust Deed, which has been provided to Beneficiary), except as disclosed in said environmental report, (i) there are no Hazardous Materials in, upon, or buried on or beneath the Land or the Improvements, nor have any Hazardous Materials been emitted or released therefrom in violation of any Environmental Laws, and (ii) there are not now, nor have there been, any underground storage tanks located on the Leasehold Property, including any tanks used for the storage of Hazardous Materials. In no event will Grantor bring onto, store upon, bury, use upon, emit or release from, nor allow to be brought onto, stored upon, buried, used upon, or emitted or released from the Property, any Hazardous Materials in violation of any Environmental Laws, nor cause or permit any underground tanks to be installed on the Leasehold Property. The "Environment" Report commissioned by Grantor is that certain [Phase I Environmental Site Assessment] prepared by Property Solutions, Inc. ("**Environmental Report**").

2.9 Compliance with Laws and Covenants. Grantor will promptly comply with all federal, state, and local laws, ordinances, and regulations, including without limitation all Environmental Laws, the Americans with Disabilities Act of 1990, and the Fair Housing Act of 1968 (as amended or as may be amended from time to time) applicable to the use or occupancy of the Leasehold Property. Grantor may contest in good faith and with diligence any law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Beneficiary's interest in the Leasehold Property is not jeopardized. Grantor will also comply with any and all restrictive covenants and affordability requirements (including without limitation those contained in the Loan Agreement) applicable to the use or occupancy of the Leasehold Property.

2.10 Failure to Comply with Covenants. Should Grantor default in the performance of any of the above covenants relating to payments of insurance, liens, taxes, assessments, or other charges, and fail to cure such default within the cure period set forth below, Beneficiary may elect to pay any such amount and any payment so made will be added to the debt secured by this Trust Deed and will bear interest at the Default Rate under the Note until paid. Any such payment by Beneficiary will be without prejudice to Beneficiary's rights and remedies hereunder and will not be a waiver of default.

2.11 Further Encumbrance. Other than with respect to Permitted Exceptions, Grantor shall not permit the Leasehold Property to be further encumbered by additional liens for financing without the prior written consent of Beneficiary.

2.12 Grantor's Defense of Property. Grantor shall appear in and defend any action or proceeding which may affect the Leasehold Property or the rights or powers of Beneficiary or Trustee under this Trust Deed.

2.13 Impairment to Property. Grantor shall not, without Beneficiary's prior written consent, change the general nature of the occupancy of the Leasehold Property, initiate, acquire, or permit any change in any public or private restrictions (including, without limitation, a zoning reclassification) limiting the uses which may be made of the collateral, or take or permit any action which would impair the Leasehold Property or Beneficiary's lien or security interest in the Leasehold Property.

2.14 Utilities. Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor or others for the benefit of or for service to the Leasehold Property or which may become a charge or lien against the Leasehold Property for gas, electricity, water, sewer or other utility services furnished to the Leasehold Property and all other assessments or charges of a similar nature, whether public or private, affecting the Leasehold Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

2.15 Alterations, Removal and Demolition. Unless otherwise agreed in writing by Beneficiary, Grantor will not structurally alter, remove, or demolish any building or improvement on the Leasehold Property without Beneficiary's prior written consent, except minor changes that do not reduce the number of units and do not affect Beneficiary's affordability requirements. Grantor will not remove any fixture or other item or property which is part of the Leasehold Property without Beneficiary's prior written consent unless the fixture or item of property is replaced by an article of equal suitability, owned by Grantor free and clear of any lien or security interest or is obsolete for Grantor's business purposes.

2.16 Completion, Repair and Restoration. Grantor will promptly complete or repair and restore in good workmanlike manner any building or improvement on the Leasehold Property which may be constructed or damaged or destroyed and will pay all costs incurred therefor, it being understood, acknowledged, and agreed that insurance proceeds are expected to be used for such purposes to the extent provided for in Section 2.5 above and Section 7 below. Prior to commencement of any construction Grantor shall submit the plans and specifications for Beneficiary's approval and furnish evidence of sufficient funds to complete the work.

2.17 Disclosure of Material Facts. Grantor will keep Beneficiary fully and currently informed as to all material facts and developments regarding Grantor and the construction and operation of the Project.

2.18 Notification of Claim or Investigation. Without thereby limiting the generality of the foregoing, Grantor will promptly notify Beneficiary of any investigation, action, or proceeding that might affect the title, value, or utility of the collateral, or the security interest of Beneficiary under this Trust Deed, and Grantor shall appear and participate in any such investigation, action, or proceeding unless excused by Beneficiary in writing. In the event that Grantor, in Beneficiary's reasonable judgment, fails to participate diligently in any such investigation, action, or proceeding, Beneficiary may appear and participate in such investigation, action, or proceeding and settle or compromise claims in connection therewith. All claims (including awards, payments, damages, direct, consequential, and other proceeds) that arise in connection with any condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Beneficiary.

3. SECURITY AGREEMENT AND FIXTURE FILING.

3.1 Security Agreement. Grantor hereby grants to Beneficiary a continuing security interest in, and lien upon, Grantor's right, title, and interest in and to all Leasehold Property that is personal property subject to the Oregon Uniform Commercial Code, whether such Leasehold Property is now owned or hereafter acquired. Grantor agrees that Beneficiary has the right to file UCC financing statements, instruments and documents and Grantor agrees to take such other

action as may be necessary or appropriate to perfect or continue the perfection of Beneficiary's security interest in such collateral.

3.2 Fixture Filing. To the extent any of the Leasehold Property constitutes fixtures subject to the Oregon Uniform Commercial Code, this Trust Deed shall also be effective as a financing statement filed as a fixture filing pursuant to ORS 79.0502, between Grantor as debtor and Beneficiary as secured party, covering such Leasehold Property, which is or is to become fixtures related to the Land. The parties agree that a photographic or other reproduction of this Trust Deed will be sufficient as a financing statement and as a fixture filing and may be filed in any appropriate office in lieu thereof to the extent permitted by law.

4. ASSIGNMENT OF LEASES AND RENTS.

4.1 Assignment of Leases and Rents. Grantor hereby assigns to Beneficiary and grants to Beneficiary a security interest in all existing and future leases, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements; provided, however, the term "leases" for purposes of this Section 4.1 shall not include the Ground Lease. Grantor further assigns to Beneficiary the right to receive all the rents, income, receipts, revenues, and other income of any nature now due or which may become due to Grantor, including without limitation basic and percentage rent and payments for use of parking areas or other common areas, arising from or related to the Land or the Improvements (collectively, the "**Rents**"); subject, however, to a license hereby granted by Beneficiary to Grantor to collect and receive Rents so long as no default has occurred under this Trust Deed.

4.2 Performance of Ground Lease.

(a) Grantor will in all respects promptly and faithfully keep, perform and comply with all of the material terms, provisions, covenants, conditions and agreements of Grantor under the Lease Agreement.

(b) In the event Grantor shall fail to make payment due on the Loan Agreement or to perform any term or covenant as provided therein, in addition to any such default constituting a default under this Trust Deed, Beneficiary may, at its option make the defaulted payments or perform the term or covenant and add the same to the amount due under this Deed of Trust without waiving any of its rights under this Deed of Trust and the obligations which it secures.

(c) If both the Landlord's (as defined below) and the Tenant's (as defined below) estate under the Lease Agreement shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger, and in such event, Beneficiary shall continue to have and to enjoy all of the rights, title, interest and privileges of Beneficiary as to the separate estates. In addition, foreclosure of such property shall not destroy or terminate the Ground Lease by application of the doctrine of merger or as a matter of law or as a result of foreclosure unless Beneficiary or any purchaser at a foreclosure sale may so elect. In the event that Grantor shall, at any time prior to the payment in full of all indebtedness secured by this Trust Deed, acquire fee simple title to such property, such fee simple title shall not merge with the leasehold estate encumbered by this

Trust Deed, but such fee simple title shall immediately, without further action on the part of Grantor, become subject to the lien hereof. In the event of such acquisition by Grantor, Grantor agrees to execute and deliver to Beneficiary such further instruments, conveyances and assurances as Beneficiary may reasonably require in order to further confirm and assure that the fee simple title so acquired by Grantor is subject to the terms, provisions and lien of this Trust Deed..

5. EVENTS OF DEFAULT.

Any of the following will be an event of default (each an “**Event of Default**”) under this Trust Deed:

5.1 Failure to Pay Obligations Under Note and Trust Deed When Due. Grantor fails to pay any sum due under the Note within fifteen (15) business days after the date it is due, or fails to pay any other amount required to be paid by Grantor pursuant to this Trust Deed or the Loan Documents (including, without limitation, taxes, assessments, insurance, and any other payment necessary to prevent filing or imposition of any liens) within fifteen (15) days after written notice of nonpayment from Beneficiary specifying the default.

5.2 Failure to Comply with Covenants. Grantor fails to perform or abide by any other covenant in this Trust Deed or in the other Loan Documents and such failure, to the extent curable, is not cured within thirty (30) days after written notice from Beneficiary specifying the default or, if such breach cannot with due diligence be cured within such period, if Grantor fails within such thirty (30) day period to commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event will occur within ninety (90) days after the Event of Default).

5.3 Failure to Obtain Beneficiary’s Consent to Transaction. Except as permitted in the Loan Agreement or this Trust Deed, Grantor engages in a sale, transfer or assignment, or uses Loan proceeds, in violation of the terms of the Note, this Trust Deed, or the Loan Documents, or changes the use of the Leasehold Property without Beneficiary’s prior written consent.

5.4 Failure to Comply. Except as permitted in the Loan Agreement or this Trust Deed, Grantor defaults under the Note, the Loan Agreement, this Trust Deed (other than as specified in Section 5.1), or the Loan Documents and fails to cure the default within the applicable notice, grace, and cure periods, if any, set forth therein.

5.5 Bankruptcy. In the event any proceeding, by either the landlord (“**Landlord**”) or the tenant (the “**Tenant**”) under the Ground Lease, under the United States Bankruptcy Code (Title 11 U.S.C.) is now or hereafter in effect:

(a) If the Ground Lease is rejected in connection with a bankruptcy proceeding by the Tenant or a trustee-in-bankruptcy for the Tenant, such rejection shall be deemed an assignment by the Tenant to Beneficiary of the leasehold estate and all of the Tenant’s interest under the Ground Lease, in the nature of an assignment in lieu of foreclosure, and the Ground Lease shall not terminate, unless Beneficiary shall reject such deemed

assignment by notice in writing to the Landlord within 30 days following rejection of the Ground Lease by the Tenant or the Tenant's trustee-in-bankruptcy.

(b) If the Ground Lease is rejected by the Landlord or by a trustee-in-bankruptcy for the Landlord:

(i) The Tenant shall not have the right to treat the Ground Lease as terminated except with the prior written consent of Beneficiary; and the right to treat the Lease Agreement as terminated in such event shall be deemed assigned to Beneficiary.

(ii) If the Ground Lease is not treated as terminated in accordance with Section 5.5(a), then, the Ground Lease shall continue in effect upon all the terms and conditions set forth therein and the lien of this Trust Deed then in effect shall extend to the continuing possessory rights of the Tenant following such rejection with the same priority as it would have enjoyed had such rejection not taken place.

5.6 Failure to Disclose Material Facts. Grantor fails to disclose any fact material to the making of the Loan to Grantor, or upon discovery by Beneficiary of any misrepresentation by, or behalf of, or for the benefit of Grantor.

5.7 Default Under Other Loans. Grantor defaults under any other loan (including any construction, permanent, or bond financing) secured in whole or in part by the Leasehold Property, including any loan secured by a Permitted Exception, and fails to cure such default within any applicable cure period set forth in the loan documents relating to such loan. If Grantor cures a default under any other loan, that cure will constitute a cure under this Trust Deed, the Note, or the Loan Documents, provided Grantor is not in default of any other provision of this Trust Deed, the Note, or the Loan Documents.

5.8 Discontinued Construction. Construction on the Project is discontinued or prohibited for at least sixty (60) consecutive days, as such date may be extended due to reasonable force majeure delays, or the Project is abandoned.

5.9 Failure to Diligently Pursue the Project. Grantor fails to diligently pursue the Project during the Construction Period, including the Lease-up Period. Grantor agrees to comply with the Project schedule approved by Beneficiary.

6. RIGHTS AND REMEDIES ON DEFAULT.

Upon the occurrence of an Event of Default and the expiration of all applicable notice, grace, and cure periods and at any time thereafter, Trustee or Beneficiary may, at its option, exercise any one or more of the following rights and remedies:

6.1 Acceleration. Beneficiary may declare the entire remaining unpaid balance of principal and unpaid accrued interest and other charges payable by Grantor pursuant to the Note or any other Loan Document, to be immediately due and payable in full.

6.2 Foreclosure. At Beneficiary's direction, the Trustee will have the right to foreclose by notice and sale, or Beneficiary will have the right to foreclose by judicial

foreclosure, in either case in accordance with applicable law. In any judicial foreclosure, Beneficiary will be entitled to obtain a deficiency judgment (subject to any applicable nonrecourse provisions in the Note) for any amount by which the amount of the obligations secured hereby exceeds the sale proceeds.

6.3 Waiver of Rights. Notwithstanding subsection 6.2, Beneficiary will have the right, at its sole option, to waive its rights under this Trust Deed and pursue an independent action upon the Note, unless the Note is nonrecourse by its express terms. The Note, Trust Deed, and other Loan Documents are separate and distinct instruments separately or collectively enforceable in accordance with their terms.

6.4 Rights and Remedies. Beneficiary will have any other right or remedy provided in this Trust Deed, the Note, the Loan Documents, or any other instrument delivered by Grantor in connection therewith, or available at law, in equity, or otherwise in such order and manner as it may select.

6.5 Notification to Obligor to Pay Rent Directly to Beneficiary. Beneficiary may at any time, without notice, either in person, by agent or by receiver to be appointed by a court, shall be entitled to enter upon, take possession of and manage the Leasehold Property and to collect the rents of the Leasehold Property including those past due. All rents collected by Beneficiary or the receiver will be applied first to payment of the costs of management of the Leasehold Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Trust Deed. Without regard to the adequacy of the security for the obligations hereby secured Beneficiary or such receiver may notify obligors of Rents to pay Beneficiary directly, and/or enter upon and take possession of the Leasehold Property or any part thereof, in its own name sue or otherwise collect any and all Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any obligations secured hereby, and in such order as Beneficiary may determine. Beneficiary and any receiver will be liable to account only for those rents actually received.

6.6 Uniform Commercial Code. Beneficiary will have all rights and remedies under the Oregon Uniform Commercial Code, as amended from time to time. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or any other intended disposition of personal property collateral is to be made. Reasonable notice means notice given at least ten (10) days before the time of the sale or disposition unless a longer period is specified under the Oregon Uniform Commercial Code, as amended from time to time. All sales shall be conducted in accordance with and be subject to all applicable laws, including without limitation, the Oregon Uniform Commercial Code, as amended from time to time.

6.7 Exercising Rights and Remedies. In exercising its rights and remedies, Beneficiary may cause all or any part of the Leasehold Property to be sold as a whole or in parcels, and certain portions of the Leasehold Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Leasehold Property. A waiver of a breach of a provision of this Trust Deed will not constitute a waiver of or prejudice the right otherwise to demand strict compliance with that provision or any other provision. An

election by Beneficiary to pursue any remedy will not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Grantor will not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

6.8 [Reserved.]

6.9 Repairs During Redemption. In the event of a judicial foreclosure, the purchaser during any redemption period may make such repairs and alterations to the Leasehold Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Leasehold Property. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment will be added to the amount required to be paid for redemption of the Leasehold Property.

6.10 Event of Foreclosure. In the event of any judicial or nonjudicial foreclosure sale, to the extent permitted by applicable law, Beneficiary in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.

6.11 Proceeds of Sale. Subject to the provisions of applicable law, the proceeds of any sale under this Trust Deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured obligations (which includes any applicable prepayment premium or fee) in any order that Beneficiary chooses, and then to any other person or persons who may establish to the satisfaction of Beneficiary that they are legally entitled to it.

6.12 Grantor's Waiver of Rights Upon Sale. Grantor waives all rights to direct the order and/or combinations in which any of the collateral will be sold, and also any right to have any of the collateral marshaled upon any sale. Grantor acknowledges that there is no fiduciary relationship between Grantor and Trustee or between Grantor and Beneficiary.

6.13 During Construction.

(a) Beneficiary will have the right to take over and cause the Project to be completed and, for that purpose, make disbursements from the undisbursed Loan funds. Any contract entered into or indebtedness incurred on the exercise of such right may be exercised by Beneficiary in the name of Grantor, and Beneficiary is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or loan agreements theretofore made by or on behalf of Grantor, and to do any and all things necessary or proper to complete the work of construction, including the signing of Grantor's name to such contracts and documents as may be deemed necessary by counsel for Beneficiary. In no event will Beneficiary be required to use its own funds to complete the Project if undisbursed Loan funds are insufficient, but Beneficiary may, at its option, advance such funds. Any funds so advanced will be payable to Beneficiary by Grantor on demand together with interest thereon at the default rate under the Note and will be secured by this Trust Deed.

(b) Beneficiary will have the right to suspend or terminate its obligation to make further disbursement of Loan proceeds.

6.14 Interest on Default. Upon the occurrence of any Event of Default, interest under the Note will accrue interest on the unpaid principal balance from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate equal to five percent (5%) percent per annum (the “**Default Rate**”). If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest will bear interest from the Maturity Date at the Default Rate.

6.15 Rights and Remedies Cumulative. All rights and remedies described in Section 6 are cumulative and in addition to any other remedy Beneficiary may have by agreement, at law, or in equity. Partial exercise of any right or remedy will not limit or restrict Beneficiary’s subsequent exercise of such right or remedy nor will it restrict Beneficiary’s contemporaneous or subsequent exercise of any other right or remedy.

6.16 No Waiver. No failure or delay of Beneficiary in exercising any right hereunder will operate as a waiver of that right or any other right. No modification or waiver of any provision of this Trust Deed or any other Loan Document will be effective unless in writing, and then only in specific instance and for the purpose given. No notice or demand on Grantor will entitle Grantor to any other notice or demand in other similar circumstances.

6.17 Payment of Costs of Collection. In case of a default, or in case litigation is commenced to enforce or construe any term of this Trust Deed, the Note, or any other Loan Document, the losing party will pay to the prevailing party such amounts as will be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorney fees and costs prior to and at any arbitration proceeding or at trial, on appeal, or in any bankruptcy proceeding.

7. CONDEMNATION AND CASUALTY.

7.1 Assignment of Proceeds. All compensation, awards, damages, rights of action, and proceeds, including the proceeds of any insurance affecting the Leasehold Property, arising out of any taking or damage by reason of any public or private improvement, condemnation proceeding, zoning change or conveyance in lieu thereof, fire, earthquake or other casualty (collectively the “**Proceeds**”), are hereby assigned to and will be paid to Beneficiary, subject, however, to the rights of the KeyBank, National Association (the “**Senior Construction Lender**”) under that certain Line of Credit Instrument Leasehold Trust Deed, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing, dated as of [____], 2022, from Grantor as grantor to the trustee named therein for the benefit of the Senior Construction Lender and Fiscal Agent in its capacity as fiscal agent for the Governmental Lender, and during the Permanent Loan Period, the rights of KeyBank National Association, in its capacity as seller/servicer for the Federal Home Loan Mortgage Corporation and each of its successors and/or assigns (collectively, the “**Senior Permanent Lender**” and together with Senior Construction Lender, “**Senior Lender**”), under the Amended and Restated Multifamily Leasehold Deed of Trust, Assignment of Rents and Security Agreement to be made by Borrower

to Fiscal Agent as of the Conversion date (collectively, (the “**Senior Trust Deed**”), encumbering the Leasehold Property and to which this Trust Deed is subordinated. If any such Senior Lender elects to make all the Proceeds available to Grantor for the repair or restoration of the Leasehold Property, Beneficiary will also make any Proceeds (after deducting therefrom all its expenses, including attorney fees) paid to it available for such purpose, subject to Beneficiary’s customary restrictions relating to the disbursement thereof. If the Senior Lender instead elects to apply some or all the Proceeds to the satisfaction of Grantor’s indebtedness to the Senior Lender, Beneficiary may, after deducting therefrom all of its expenses, including reasonable attorney fees, release any money received by it, apply the same on any obligations secured hereby or apply the same to the repair or restoration of the Leasehold Property as it may elect. Grantor agrees to execute such further assignments to Beneficiary of any awards, damages, rights of action and Proceeds as Beneficiary or Trustee may require. In the event any Proceeds are paid to Grantor, such Proceeds will promptly (within five (5) days of receipt thereof) be paid over to Beneficiary for the purposes set forth in this paragraph. Notwithstanding the above, if the Proceeds plus any additional funds of Grantor will permit the damaged or taken Improvements to be replaced with Improvements of equal or greater value, then the Proceeds (less certain administrative and reasonable legal costs of Beneficiary) shall be disbursed to Grantor through a Beneficiary-controlled account (subject to any requirements of the Senior Lender) to pay the cost of restoration of the Improvements, provided it is economically and legally feasible to do so, in the reasonable judgment of Beneficiary. Notwithstanding the foregoing, if the terms and provisions of the Priority and Subordination Agreement conflict with this Section 7.1, the Priority and Subordination Agreement shall control.

7.2 Notification of Damage, Injury, Loss or Condemnation Proceedings. Grantor shall immediately notify Beneficiary in writing if: (i) any damage occurs or any injury or loss is sustained in the amount of \$50,000 or more to all or part of the Leasehold Property, or any action or proceeding relating to any such damage, injury or loss is commenced; or (ii) any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Leasehold Property. If Beneficiary chooses to do so, it may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury, or loss to all or part of the Leasehold Property, and it may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Leasehold Property, and may join Grantor in adjusting any loss covered by insurance. Notwithstanding the foregoing, if the terms and provisions of the Priority and Subordination Agreement conflict with this Section 7.2, the Priority and Subordination Agreement shall control.

8. MISCELLANEOUS.

8.1 Indemnification. Except as limited by Section 8.4, Grantor shall indemnify Beneficiary against and hold it harmless from any and all liabilities, claims, losses, damages, or expenses (including reasonable attorney fees) which Beneficiary may suffer or incur in connection with (a) the breach of any representation or warranty made by Grantor under this Trust Deed, and (b) Grantor’s failure to perform any of its covenants or obligations under this Trust Deed. The indemnity obligations of Grantor will survive the reconveyance or foreclosure hereof.

8.2 Severability. If any of the provisions contained in this Trust Deed are invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions in this Trust Deed will not be affected.

8.3 Attorney Fees. In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, the prevailing party will be entitled to recover its reasonable attorney fees at trial, on any appeal and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights will become a part of the obligations secured hereby and will bear interest from the date of expenditure until repaid at the default rate under the Note. Expenses covered by this paragraph include (without limitation) the cost of searching records, discovery deposition costs, obtaining title reports, surveyors' reports, attorney opinions, title insurance and fees for Trustee.

8.4 Recourse Provision. The obligations under the Note, including the obligations secured by this Trust Deed, are with recourse to the Grantor and its general partner during the Construction Period. When the Permanent Loan Period begins, notwithstanding any other provision of the Note or the Loan Agreement, but subject to the qualifications set forth below in this Section, the obligation to pay the indebtedness evidenced by or arising under the Note will be nonrecourse as to Grantor and its partners except as to their rights, if any, in the collateral described in this Trust Deed, and no personal judgment may be obtained against Grantor or any of its partners; provided, however, that Grantor and its general partner will be personally liable for (a) failure to pay taxes, assessments, or other charges which could result in liens (including construction liens) against the collateral described in this Trust Deed, (b) retention by Grantor or its general partner of any rental or other income or insurance or condemnation proceeds arising with respect to such collateral which, under the terms of this Trust Deed, should have been paid to Beneficiary, and (c) any liability or losses incurred by Beneficiary as a result of any fraud or misrepresentation by Grantor in connection with this Loan.

8.5 Assignment. Grantor may only assign its rights and obligations hereunder with the written consent of Beneficiary; provided, however, that no assignment shall invalidate or impair the effectiveness of this Trust Deed or the covenants contained herein.

8.6 Due on Sale or Transfer; No Change in Use.

(a) Any Sale or Transfer (or any attempted Sale or Transfer), as defined herein, of all or any part of, or any interest in, the Land or the Project, or any beneficial interest in Grantor, except as otherwise provided in this Trust Deed or the other Loan Documents, without the prior written consent of Beneficiary (which Beneficiary may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited Sale or Transfer, the Note and all other indebtedness secured by this Trust Deed will become immediately due and payable in full. As used herein and except as identified below, the term "Sale or Transfer" is used in its broadest sense, and includes, with respect to the Land or Project, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or consolidation, and with

respect to a beneficial interest in Grantor, a sale, gift or other transfer of any partnership, stock, membership or other ownership interest in Grantor other than a transfer upon death of the owner of such interest. However, "Sale or Transfer" will not include the following and will not require the prior consent of the Lender:

(i) a transfer to a qualified nonprofit organization or government agency pursuant to a right of first refusal under IRC Section 42(i)(7) or an exercise by the Grantor's general partner or an affiliate thereof of an option to purchase the Project or the Equity Investor's interest in the Grantor, as applicable, upon the terms set forth in Grantor's Partnership Agreement, or

(ii) a transfer pursuant to a qualified contract under IRC Section 42(h) (6) (F);

(iii) a transfer of the interest of the general partner of Grantor resulting from the Equity Investor's exercise of its removal rights pursuant to Grantor's Partnership Agreement;

(iv) a transfer of the interest of the Equity Investor or any special limited partner of Grantor pursuant to Grantor's Partnership Agreement;

(v) a transfer of an interest of a member of the general partner of Grantor to another member of the general partner of Grantor;

(vi) a transfer of an interest to the manager or managing member of the general partner of Grantor, or to an affiliate thereof;

(vii) a pledge by the general partner of Grantor to Grantor of its partnership interest in Grantor pursuant to the Grantor's Partnership Agreement or in favor of Senior Lender; or

(viii) foreclosure or deed in lieu of foreclosure by the Senior Lender, and any subsequent transfer following any such foreclosure or deed in lieu of foreclosure.

(b) To the extent a sale or transfer occurs under this Section 8.6, such transferee under this Section will be bound by the terms of this Trust Deed. Grantor shall notify the Beneficiary in writing of any such transfer under Section 8.6(a) above other than pursuant to subsection (iv) within thirty (30) days.

(c) Grantor will not change the use of the Leasehold Property without Beneficiary's prior written consent, which may be withheld or conditioned in Beneficiary's sole and absolute discretion.

8.7 Time of Essence. Time is of the essence of each of Grantor's obligations under this Trust Deed.

8.8 Waivers by Grantor. Without affecting any of Grantor’s obligations under the Loan Documents, Grantor waives the following: (a) any right to require Beneficiary to proceed against any specific party liable to sums due under the Loan Documents or to proceed against or exhaust any specific security for sums due under the Loan Documents; (b) notice of new or additional indebtedness of any Grantor or any other party liable for sums due under the Loan Documents to Beneficiary; (c) [reserved]; (d) any defense arising out of the absence, impairment, or loss of any or all rights of recourse, reimbursement, contribution or subrogation or any other rights or remedies of Beneficiary against any Grantor or any other party liable for sums due under the Loan Documents or any Leasehold Property; and (e) any obligation of Beneficiary to see to the proper use and application of any proceeds advanced pursuant to the Loan Documents.

8.9 Right of Subrogation. Beneficiary is subrogated to the rights, whether legal or equitable, of all beneficiaries, mortgagees, lienholders, and owners directly or indirectly paid off or satisfied in whole or in part by any proceeds advanced by Beneficiary under the Loan Documents, regardless of whether such parties assigned or released of record their rights or liens upon payment.

8.10 Subordination. Beneficiary, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under this Trust Deed are subordinate and subject to the rights of Senior Lender under the Senior Trust Deed and is further subordinated to the extent and in the manner provided in the Priority and Subordination Agreement and the Subordination Agreement to be entered into on or around the Conversion Date between Fiscal Agent and Lender and consented to by Borrower (“**Subordination Agreement**”).

8.11 Statement of Amount Owning. Grantor within fifteen (15) days after request by Beneficiary will furnish Beneficiary a written statement of the amount due under the Loan Documents, any offsets or defenses against the amount claimed by Grantor, and such other factual matters as Beneficiary may reasonably request.

8.12 Controlling Document. In the event of a conflict or inconsistency between the terms and conditions of this Trust Deed and the terms and conditions of any other of the Loan Documents (except for the Priority and Subordination Agreement and the Subordination Agreement, which shall prevail over this Trust Deed), the terms and conditions of this Trust Deed shall prevail.

8.13 Equity Investor Courtesy Notice. If default occurs under this Trust Deed, Beneficiary is aware of such default, and Beneficiary intends to exercise any of its remedies on account of such default, then Beneficiary at the same time as it delivers notice to Grantor will deliver written notice of such default to Grantor’s Equity Investor. Upon receiving the notice of default pursuant to this subsection, Grantor’s Equity Investor, general partner (or members of the general partner) will have the right to cure, within the same time periods as provided to Grantor in this Trust Deed. Beneficiary shall not exercise any of its rights and remedies under this Trust Deed until the expiration of any notice and cure period afforded to the Equity Investor.

8.14 Notice. Any notice required or permitted under this Trust Deed will be in writing and will be deemed effective: (1) when actually delivered in person, (2) one business day after deposit with a commercial courier service for “next day” delivery, or (3) three business days

after having been deposited in the United States mail as certified or registered mail, addressed to the parties as follows:

To Grantor: MHNW 20 Marylhurst Limited Partnership
c/o Mercy Housing Northwest
6930 Martin Luther King Jr Way S
Seattle, WA 98118
Attention: Joseph Thompson
E-mail: joseph.thompson@mercyhousing.org
Telephone: (206) 838-5700

with a copy to: Kantor Taylor PC
1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Attention: Andrea Sato
E-mail: asato@kantortaylor.com
Telephone: (206) 812-2505

If to Equity Investor: Key Community Development Corporation
Mailcode OH-01-10-0633
127 Public Square
Cleveland, Ohio 44114
Attention: Asset Manager

with a copy to: Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, MA 02116
Attention: Kristen Cassetta
E-mail: kristen.cassetta@hklaw.com

If to Lender: Housing Authority of Clackamas County
Attention: Executive Director
13930 Gain Street
Oregon City, Oregon 97045
Telephone Number: 503 742-5336
E-Mail Address: Jsmith6@clackamas.us

with a copy to: Clackamas County Counsel
Attention: Stephen L. Madkour
2051 Kaen Road, Suite 254
Oregon City, Oregon 97045
Telephone Number: (503) 655-8362
E-Mail Address: smadkour@clackamas.us

8.15 Statutory Notice. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

[The remainder of this page intentionally left blank. The next page is the signature page.]

EXHIBIT A
Legal Description

After Recording Return to:

Housing Authority of Clackamas County
Attention: Director
13930 Gain Street
Oregon City, Oregon 97045

Project: Marylhurst Commons

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (“Agreement”) is entered into as of the 1st day of [September], 2022 (the **“Effective Date”**), between Housing Authority of Clackamas County, a public body corporate and politic of Clackamas County, Oregon (**“County”** or **“Lender”**), and MHNW 20 Marylhurst Limited Partnership, an Oregon limited partnership (**“Owner”**).

This Agreement is the **“Regulatory Agreement”** referred to in the Loan Agreement between the County and Owner, who is developing Marylhurst Commons, and is entitled to the benefits of, and subject to the limitations of, the Loan Agreement. Capitalized terms used herein without definition have the meaning ascribed to them in the Loan Agreement.

RECITALS

A. The Metro Housing Bond (the **“Bond”**) was approved by voters in the Metro Region (**“Region”**) in 2018. Metro distributes Bond funds to local governments within the Region. The local governments will then make grants or loans to developers of affordable housing on terms more favorable than those offered by private lenders, in order to encourage the development of affordable housing. Metro has awarded Three Million and No/100 Dollars (\$3,000,000) of Bond funds to County for the Project (defined below).

B. The County has approved a loan to Owner in the amount of Three Million and No/100 Dollars (\$3,000,000.00) to construct a multi-family structure to be known as Marylhurst Commons Apartments which will contain a total of one hundred (100) apartment units and one hundred forty-eight (148) parking spaces (the **“Project”**).

C. The Project will be located on real property leased by Owner from The Society of the Sisters of the Holy Names of Jesus and Mary, an Oregon nonprofit religious corporation, pursuant to that certain Ground Lease dated as of [____], 2022 (the **“Ground Lease”**) located at 3190 Furman Drive, Lake Oswego, Oregon, as more fully described on **Exhibit A** attached hereto (the **“Property”**). The Property includes the Project and all additional buildings, structures, fixtures, equipment, and other improvements now or later constructed or located upon the Property.

D. Owner agrees to the restrictions, covenants and obligations set forth herein on the Project, which will, during the effective period of this Agreement, run with and be a burden on the Property and will be binding on any subsequent purchaser, grantee, owner or lessee and any other person or entity having any right, title, or interest therein and upon their respective heirs, executors,

administrators, devisees, successors and assigns of any purchaser, grantee, owner, or lessee of the Property.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency for which are hereby acknowledged, and in consideration of the promises and covenants contained herein, the parties hereby agree as follows:

Section 1. Definitions.

In addition to other defined terms in this Agreement, the following terms have the meanings set forth below.

“Affordability Period” means a period that begins on the date that a final Certificate of Occupancy is issued by the City of Lake Oswego, Oregon and ends no sooner than sixty (60) years after such date unless such period is extended pursuant to the terms of the Note in which event the period shall end no sooner than ninety (90) years after such date.

“Allowable Rent” means the amount charged for a Dwelling Unit, which amount may not exceed 30% of the imputed income limitation applicable to such unit (as described in Section 2.1 of this Agreement) as determined in accordance with Section 42 (g) (2) of the Internal Revenue Code of 1986, as amended (the **“IRC”**), and applicable regulations. If the tenant separately pays utilities, then the maximum Allowable Rent will be adjusted downward by the applicable utility allowance in compliance with Oregon Housing and Community Services (**“OHCS”**) or U.S. Department of Housing and Urban Development (**“HUD”**) requirements. For units with PBV assistance or subsidy, the maximum Allowable Rent will be determined by the formula set by HUD for project-based Section 8.

“Dwelling Units” means all the multifamily rental housing units in the Project that are occupied or available for occupancy.

“Fiscal Year” means the period beginning the first day of January of each year and ending on the last day of December of such year.

“Local Implementation Strategy” or **“LIS”** means the County’s documented strategy to distribute Bond funds for the development of affordable housing which is attached as **Exhibit D**.

“Median Family Income for the Area” or **“MFI”** means the median gross income for the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area, calculated in a manner consistent with the determination of median gross income under Section 8 of the United States Housing Act of 1937, as amended (or, if such a program is terminated, under such program in effect immediately before such termination.)

“Metro” means the regional government for the Oregon portion of the Portland Metropolitan Area, covering portions of Clackamas, Multnomah, and Washington Counties.

“Partnership Agreement” means that certain Amended and Restated Limited Partnership Agreement of the Owner, dated as of [_____], 2022, among MHNW 20 Marylhurst GP LLC, an Oregon limited liability company, as general partner, and Key Community Development Corporation, an Ohio corporation, as limited partner, as may be further amended and supplemented from time to time.

“Project-Based Voucher” or **“PBV”** means a rental subsidy provided to the unit to reduce rent for qualifying tenants through the Supportive Housing Services or program, as administrated by the Housing Authority of Clackamas County.

“Public Subsidy” means any government sponsored credit, funding, or abatement, including but not limited to: loans; property tax or assessment abatements, credits, or reductions; taxable or tax-exempt bonds; or grants, including fee waivers.

“Qualified Tenant” means any tenant who meets the MFI requirements at the specified affordability level, as described in Section 4.

“Screening Criteria” means the standards used by Owner or Owner’s agent to evaluate prospective tenants in compliance with Section 3 herein.

Section 2. Project Requirements, Management.

2.1 Subject to Sections 2.1.1, 2.1.2 and 2.1.3, at all times during the Affordability Period (*), Owner will provide the following Dwelling Units for the Project:

Unit Size	No. of Units	MFI %*	PBV
1-BR, 1-BA	17	60%	0
2-BR, 1-BA	61	60%	0
3-BR, 2-BA	22	60%	0
<u>Total</u>	100		0

In the event that a PBV contract is in place during the Affordability Period (*), Owner will provide the following Dwelling Units for the Project; provided, that if such PBV contract is not renewed and no other replacement subsidy is available to the Project, MFI for the applicable dwelling units below 60% MFI may be increased up to 60% MFI:

Unit Size	No. of Units	MFI %*	PBV
1-BR, 1-BA	7	30%	7
1-BR, 1-BA	10	60%	0

2-BR, 1-BA	24	30%	24
2-BR, 1-BA	37	60%	0
3-BR, 2-BA	9	30%	9
3-BR, 2-BA	13	60%	0
Total	100		40

* If the Affordability period is extended pursuant to the Note, MFI for the dwelling units below 60% of MFI may be increased up to 60% MFI for years 61 through 90.

2.1.1. Loss of Subsidy: MFI for the Dwelling Units with PBV assistance will be restricted to 30% for as long as the PBV subsidy is in place for such Dwelling Units. If the subsidy becomes unavailable, Owner can request the County authorize an increase in MFI up to 60%. Allowable Rents may be increased subject to rent control limitations as then applicable under State law.

2.1.2. Failure to Perform: If the Project is not performing financially, as demonstrated by a debt-to-coverage ratio less than 1.0, and the County determines that the Project is at risk of falling into disrepair, Owner can request the County to authorize an increase in MFI of Dwelling Units without PBV assistance to up to 60%, subject to the approval of the Equity Investor and Senior Permanent Lender (to the extent approval is required). Allowable Rents may be increased subject to rent control limitations as then applicable under State law.

2.1.3. Extension of Affordability Period: If the Affordability Period is extended pursuant to the terms of the Note, MFI for all the Dwelling Units below 60% of MFI may be increased up to 60% MFI for years 61 through 90 in the sole discretion of the Owner.

2.2 Dwelling Units will not be materially altered in size, floor plan, handicap accessibility, or amenities during the Affordability Period, unless otherwise approved in writing by the County which approval shall not be unreasonably withheld, conditioned, or delayed so long as such alterations are approved by Senior Lender and Equity Investor (to the extent approval is required) and do not materially adversely affect Cash Flow, or as required by applicable law.

2.3 During the Affordability Period, each Dwelling Unit will be rented or available for rental to members of the general public, except during temporary vacancies or periods necessary for cleaning, restoration, or rehabilitation. Owner shall not give, or allow to be given, any preference to any group or class in renting the Dwelling Units, except to Qualified Tenants. Owners may establish preferences consistent with housing policy governing non-discrimination, as evidenced by rules or regulations of the Department of Housing and Urban Development, 24 CFR Subtitle A and Chapters I through XX, HUD Handbook 4350.3. Owner shall not discriminate or allow discrimination in the provision of housing on the basis of race, creed, gender, national origin, religion, marital status, sexual orientation, family status, age, disability, or the receipt of

public assistance. In addition, the Owner shall neither discriminate nor allow discrimination against any tenant on the basis that the tenant is a parent or legal guardian with whom a child resides or is expected to reside except in the event that the Project is (i) designated for households headed by someone over 62 years of age, or (ii) designated for households headed by someone over 55 years of age, if the Project will conform with Section 807(b) of the Fair Housing Act, Title VII of the Civil Rights Act as amended by the Fair Housing Amendments Act of 1988, and the Housing for Older Persons Act of 1995.

2.4 Rents charged will not be greater than the applicable Allowable Rents, minus any utility allowance for tenant-paid utilities; rents may, however, be higher if the Project receives other forms of rental assistance from public subsidies, including but not limited to PBVs, provided that the tenant's portion is no greater than the Allowable Rent.

2.5 Owner will adjust rents annually to conform to median income statistics published annually by HUD in its approved rent schedule. Any variation from this adjustment requirement must be approved by the County, which approval will not be unreasonably withheld, conditioned, or delayed. Additionally, such adjustments and variations must comply with any State and/or local rental laws and requirements including applicable OHCS requirements.

2.6 At no time during the Affordability Period will Owner evict any tenant without cause. Evictions for cause must comply with the Oregon Residential Landlord and Tenant Act, ORS 90.392-90.398. Tenant files must document each step taken during the eviction process.

2.7 Units will be maintained in a safe, clean, and habitable condition.

2.8 The Project will be managed by Owner or an agent of Owner consistent with an property management agreement approved by the County. Any appointment of an agent of Owner will be subject to approval by the County, which approval shall not be unreasonably withheld, conditioned, or delayed; provided that, the County has approved Mercy Housing Management Group, Inc. as the initial property manager for the Project. Such asset management plan must include, if applicable, property management and maintenance procurement processes.

2.9 Upon reasonable notice to Owner of not less than forty-eight (48) hours, the County and its identified agents and representatives may periodically enter and inspect the Project during normal business hours to confirm compliance with the terms of this Agreement, subject to safety and security protocols and policies employed at the Project and uniformly applied and the rights of tenants in lawful possession.

2.10 Before Owner engages in any leasing activities with respect to the Project, Owner will submit to the County an initial rent schedule for the Project that shows the unit number, bedroom count, initial rent, and utility allowance for each Dwelling Unit. Owner must obtain County approval of the initial rent schedule, which approval will not be unreasonably withheld, conditioned, or delayed. See **Exhibit B** for a sample of a rent schedule.

Section 3. Screening Criteria.

3.1 Owner and the County will collaborate to develop Screening Criteria prior to leasing the Dwelling Units. The Screening Criteria must incorporate "low barrier" standards that

increase the likelihood that a tenancy will succeed and must include an appeal process pursuant to the County's Local Implementation Strategy.

3.2 The Screening Criteria must also seek to minimize barriers that low-income residents, marginalized communities, and people of color have historically experienced when applying for housing, such as low credit scores, criminal histories, and industry standard income-to-rent ratios. When applying the Screening Criteria, the Owner may also consider external evidence favorable to the applicant.

Section 4. Qualified Tenants.

4.1 Prior to the initial occupancy by a Qualified Tenant in the Project, Owner or Owner's agent will create, complete, and maintain files on income certifications for each Qualified Tenant. Owner will use a Tenant Income Certification form and obtain additional required documentation, as set forth in **Exhibit C**. Owner will make a good faith effort to verify that the income stated by an applicant is accurate by obtaining at least one of the following: (1) three consecutive pay stubs for the three most current pay periods; (2) an income verification form from applicant's and other required household members' employer(s); or (3) an income verification from the Social Security Administration or another agency providing pension or assistance payments. If the applicant is unemployed and receives no assistance, pension income, or in-kind income, Owner must obtain another form of independent income verification or an executed written declaration of income from the prospective tenant.

4.2 No less than once each calendar year throughout the Affordability Period, Owner will recertify each Qualified Tenant's income by using a Tenant Income Certification form and various accompanying documents required as a part of the tax credit program set forth in **Exhibit C**. In the event the recertification demonstrates that any Qualified Tenant's household income exceeds 140% of the income at which such household would qualify, Owner will notify the tenant that they are no longer a Qualified Tenant. Owner may revise the existing lease with tenants who, upon recertification, are no longer Qualified Tenants, to allow such tenants to continue to occupy their unit. Subject to the rent restrictions of the IRC or other regulatory restrictions, such lease may be at market rate rent for comparable units in comparable projects but may not require cash payments of any additional deposits or fees. In no event may a tenant who is no longer a Qualified Tenant be evicted or have a duty to pay higher rent, unless Owner complies in full with then applicable Oregon landlord-tenant laws and any applicable City or IRC requirements.

4.3 In order to preserve the Dwelling Units for occupancy as originally intended, Owner is encouraged to increase unit rents when tenant income increases above the maximum allowable income, provided that such unit rents comply at all times with the provisions of Section 42 of the IRC and any other applicable restrictions.

Section 5. Duration of Affordability Period.

5.1 This Agreement will be effective for the duration of the Affordability Period and will terminate at the end of the Affordability Period.

Section 6. Reporting.

6.1 Throughout the Affordability Period, each year on the first day of July, Owner will deliver (electronically) to the County and to OHCS, as Metro’s agent, the following to demonstrate compliance with the terms of this agreement, including but not limited to:

6.1.1. Tenant data from the Tenant Income Certification, including but not limited to the following:

- (i) Current rents charged for all Dwelling Units, showing compliance with the table in Section 2.1;
- (ii) Current tenant incomes;
- (iii) Date of last tenant recertification;
- (iv) Demographic data, such as family size, age of children, race, and ethnicity; and
- (v) Summaries of leasing activity, including vacancies and length of turnover.

6.1.2. Financial data reflects the Project’s performance over the Fiscal Year and may include, but is not limited to, the following:

- (i) All Project revenues as described in the Note entered into at closing and Project operating expenses;
- (ii) Status of Deferred Developer Fee;
- (iii) Project’s audited financial statements (if applicable) or unaudited year-end financial statements;
- (iv) Current year’s budget;
- (v) For the Reserve Account, provide year end bank statements with detailed accounting for deposits and withdrawals; and
- (vi) Updated Project pro forma.

6.1.3. Property data documentation, including but not limited to the following:

- (i) Affirmative marketing plan updates;
- (ii) Project inspection report, with evidence that any physical findings were addressed, which inspection may be conducted by property management, Owner or third party; and
- (iii) Proof of insurance for the Project, with the County named as an additional insured.

Section 7. Affirmative Marketing.

Owner shall adopt affirmative marketing procedures and requirements for the Project. An affirmative marketing plan must be submitted to the County no later than six (6) months prior to lease-up, together with the rent schedule, and include:

7.1 Methods for informing the public and potential tenants about the Fair Housing Act (i.e., use of the Fair Housing logo or equal housing opportunity language).

7.2 A description of how Owner plans to implement the County’s Local Implementation Strategy for outreach to such persons who are not likely to apply for housing without special outreach. See **Exhibit D**.

7.3 A requirement to maintain records that document actions taken to affirmatively market the Project.

7.4 A description of how marketing efforts will be evaluated and what actions will be taken in response to the evaluation to increase overall success in marketing.

Section 8. Covenants Run with the Land.

8.1 Owner acknowledges that the favorable financial terms set forth in the Loan Agreement, Note, and Trust Deed provided by the County are an inducement to Owner to operate the Project in accordance with this Agreement and that Owner has induced the County to make available financial terms it otherwise would not have made available by promising to operate the Project in accordance with this Agreement for the duration of the Affordability Period. Owner covenants, agrees, and acknowledges that the County is the beneficiary of this Agreement and that the County has relied upon the enforceability of this Agreement in determining to provide favorable financial terms to Owner for the Project.

8.2 During the Affordability Period, the covenants, restrictions, charges and easements set forth herein will run with Borrower’s leasehold interest in the land and will pass to, except as provided in the Subordination Agreement (as defined in the Trust Deed), and be binding upon Owner’s successors in title, including any purchaser, grantee, or lessee of any portion of the Property 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 Property and any other person or entity having any right, title, or interest therein. Each and every contract, deed, or other instrument hereafter executed that conveys the Property or any portion thereof or interest therein (other than a rental agreement or lease for a Dwelling Unit) must 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.

Section 9. Sale or Disposition of the Property or Project.

9.1 Prior to the sale of the Property or Project or any portion thereof to parties other than non-profit agencies and/or government entities, Owner will require the transferee to provide evidence satisfactory to the County that the transferee has the experience skills and capacity to perform in full all the Owner's obligations under this Agreement.

9.2 Owner acknowledges that the terms of the County's financing, are a Public Subsidy and are more favorable than the prevailing market rate for similar financing available in the private marketplace. Owner further acknowledges that the more favorable terms of such financing are not intended to benefit Owner or any subsequent owner of the Project in the event of any sale or transfer of the Project or of beneficial interest in Owner (except as otherwise permitted in this Agreement or the other Loan Documents). Accordingly, any sale or transfer (or any attempted sale or transfer) of all or any part of, or any interest in, the Property or the Project, or any beneficial interest in Owner, in violation of this Agreement or the other Loan Documents, without the prior written consent of the County (which the County may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited sale or transfer, the Note and all other indebtedness secured by the Trust Deed will become immediately due and payable in full. As used herein and except as identified below, the term "sale or transfer" is used in its broadest sense, and includes, with respect to the Property or Project, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or consolidation, and with respect to a beneficial interest in Owner, a sale, gift or other transfer of any partnership, stock, membership or other ownership interest in Owner other than a transfer upon death of the Owner of such interest. However, "sale or transfer" will not include the following and will not require the prior consent of the Lender:

(i) A transfer to a qualified nonprofit organization or government agency pursuant to a right of first refusal under IRC Section 42(i)(7) or an exercise by the Owner's general partner, or an affiliate thereof of an option to purchase the Project or the Equity Investor's interest in the Owner, as applicable, upon the terms set forth in Owner's Partnership Agreement.

(ii) A transfer pursuant to a qualified contract under IRC Section 42(h)(6)(f).

(iii) A transfer of the interest of the general partner of Owner resulting from the Equity Investor's exercise of its removal rights pursuant to Owner's Partnership Agreement.

(iv) A transfer of the interest of the Equity Investor or any special limited partner of Owner pursuant of Owner's Partnership Agreement.

(v) A transfer of the interest of a member of the general partner of Owner to another member of the general partner of Owner, or an affiliate thereof.

(vi) A transfer of an interest to the manager or managing member of the general partner of Owner, or to an affiliate thereof.

(vii) A pledge by the general partner of Owner of its partnership interest in Owner pursuant to Owner's Partnership Agreement or in favor of Senior Lender.

(viii) Foreclosure or deed in lieu of foreclosure by the Senior Lender, and any subsequent transfer following any such foreclosure or deed in lieu of foreclosure.

9.3 To the extent a sale or transfer occurs under this Section 9, such transferee under this Section will be bound by the terms of this Agreement. Owner shall notify the County in writing of any such transfer under Section 9.2 above other than pursuant to subsection (iv) within thirty (30) days.

9.4 Owner will not change the use of the Property without the County's prior written consent, which consent may be withheld or conditioned in the County's sole and absolute discretion.

Section 10. Event of Default.

It will be an event of default if Owner fails to perform or abide by any covenant, condition, agreement, or obligation in this Agreement, the Note, the Loan Agreement, or the Trust Deed (and their exhibits) and such failure (i) is not cured within thirty (30) days after written notice from the County specifying the failure; or (ii) if such failure cannot with due diligence be cured within thirty (30) days and Owner fails within thirty (30) days to begin a cure of the failure and thereafter diligently pursue such cure; or (iii) if such problem is not cured within ninety (90) days after the default notice, unless the County extends the period at its sole discretion.

Section 11. Rights and Remedies on Default.

Upon the occurrence of an event of default and at any time thereafter, the County may, at its option exercise any one or more of the following rights and remedies.

11.1 Performance of Obligations. The County may, by mandamus or other suit, action or proceeding at law or in equity, require Owner to perform its covenants, conditions, agreements, and obligations under this Agreement; or abate, prevent, or enjoin any acts or things which may be unlawful or in violation of the rights of the County under this Agreement.

11.2 Access to Records. The County will have the right to access, inspect, examine, and make copies of all the books and records of Owner pertaining to the Project.

11.3 Other Rights and Remedies. The County will have any other rights or remedies provided in this Agreement, the Loan Agreement, or any other instrument delivered by Owner in connection with the financing accommodations.

11.4 Money Damages. The County may take any other action available at law or in equity as may appear necessary to enforce the covenants, conditions, agreements, and obligations of Owner in this Agreement, in such order and manner as it may select, to recover monetary damages caused by such violation or attempted violation of any covenant, condition, agreement, or obligation. Such damages may include but are not limited to all costs, expenses including but not limited to staff and administrative expense, fees including but not limited to reasonable attorneys' fees which may be included by the County or any other party in enforcing or attempting to enforce this Agreement following any Event of Default on the part of Owner or its successors.

11.5 Receiver. The County may petition for the appointment of a receiver who will have the right to enter the Project. Owner hereby waives any and all defenses to such an appointment or to the rights of the receiver thereunder.

11.6 Equity Investor Courtesy Notice. If an Event of Default occurs under this Agreement, County is aware of such Event of Default, and County intends to exercise any of its remedies on account of such Event of Default, then County at the same time as it delivers notice to Owner will deliver written notice of such Event of Default to Owner's Equity Investor. Upon receiving the notice of Event of Default pursuant to this subsection, Owner's Equity Investor, general partner (or members of the general partner) will have the right but not the obligation to cure, within the same time periods and under the same parameters as provided to Owner in this Agreement. County shall not exercise any rights and remedies under this Agreement until the expiration of all applicable notice, grace and cure periods afforded to the Equity Investor.

Section 12. Metro Rights.

As a third-party beneficiary, Metro has all the rights of the County under this Agreement, including without limitation (a) the right to monitoring and reporting information provided in accordance with Section 6; (b) the ability to periodically enter upon the Project for the purpose of inspection in accordance with Section 2; and (c) the right to pursue an action for specific performance or other available remedy at law or in equity to enforce the terms, provisions and restrictions of this Agreement. Metro's enforcement of this Agreement shall be at the discretion of Metro, and any forbearance on behalf of Metro to exercise its rights hereunder in the event of any breach hereof by Owner, shall not be deemed or construed to be a waiver of Metro's rights hereunder. Notwithstanding the foregoing, neither the Owner nor the Project shall be (i) subject to duplicate or multiple remedies or recoveries on account of defaults giving rise to the same causes of action arising from the same facts and circumstances, or (ii) liable for duplicate expenses of the County and Metro.

Section 13. Severability.

The invalidity of any clause, part or provision of this Agreement will not affect the validity of the remaining clauses, parts, or provisions hereof.

Section 14. Notices.

Any notice required or permitted under this Agreement will be in writing and will be deemed effective (1) when delivered in person; (2) one business day after deposit with a commercial courier service for "next day" delivery; or (3) three business days after deposit in the United States mail as certified or registered mail with a copy by email., addressed to the parties as follows:

To Borrower: MHNW 20 Marylhurst Limited Partnership
c/o Mercy Housing Northwest
6930 Martin Luther King Jr Way S
Seattle, WA 98118
Attention: Joseph Thompson
E-mail: joseph.thompson@mercyhousing.org
Telephone: (206) 838-5700

with a copy to: Kantor Taylor PC
1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Attention: Andrea Sato
E-mail: asato@kantortaylor.com
Telephone: (206) 812-2505

If to Equity Investor: Key Community Development Corporation
Mailcode OH-01-10-0633
127 Public Square
Cleveland, Ohio 44114
Attention: Asset Manager

with a copy to: Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, MA 02116
Attention: Kristen Cassetta
E-mail: kristen.cassetta@hklaw.com

If to Lender: Housing Authority of Clackamas County
Attention: Executive Director
13930 Gain Street
Oregon City, Oregon 97045
Telephone Number: 503 742-5336
E-Mail Address: Jsmith6@clackamas.us

with a copy to: Clackamas County Counsel
Attention: Stephen L. Madkour
2051 Kaen Road, Suite 254
Oregon City, Oregon 97045
Telephone Number: (503) 655-8362
E-Mail Address: smadkour@clackamas.us

Section 15. Governing Law; Venue.

This Agreement will be governed by the laws of the State of Oregon without regard to the conflict of law provisions of Oregon law. Venue will be in the Circuit Court of Clackamas County, Oregon.

[The remainder of this page intentionally left blank. The next page is the signature page.]

COUNTY:

**HOUSING AUTHORITY OF CLACKAMAS
COUNTY**, a public body corporate and politic of
Clackamas County, Oregon

By: _____
Toni Karter
Interim Executive Director

STATE OF OREGON)
) ss:
COUNTY OF CLACKAMAS)

The foregoing instrument was acknowledged before me this ____ day of [September], 2022, by Toni Karter, in her capacity as Authorized Representative and Interim Executive Director of the Housing Authority of Clackamas County.

Notary Public for _____
My commission expires: _____

EXHIBIT A
Legal Description

EXHIBIT C

Tenant Income Certification

[Form set forth on following pages C-2 and C-3]

EXHIBIT D

Clackamas County, Oregon
Local Implementation Strategy for Affordable Housing

[Plan set forth on following pages D-2 through D-39]

When Recorded Return to:

Housing Authority of Clackamas County
Attention: Director
13930 Gain Street
Oregon City, Oregon 97045

Project: Marylhurst Commons

**REPLACEMENT COST AND CAPITAL
IMPROVEMENT RESERVE AGREEMENT**

This REPLACEMENT COST AND CAPITAL IMPROVEMENT RESERVE AGREEMENT (this “**Agreement**”) is entered into as of the 1st day of [September], 2022 (the “**Effective Date**”), by MHNW 20 Marylhurst Limited Partnership, an Oregon limited partnership (the “**Borrower**”) for the benefit of the Housing Authority of Clackamas County, a public body corporate and politic of Clackamas County, Oregon (the “**Lender**”).

Capitalized terms used herein without definition have the meaning ascribed to them in that certain Loan Agreement between the Lender and Borrower of even date herewith.

RECITALS

A. Borrower has applied to Lender for and been granted a loan in the amount of Three Million and No/100 Dollars (\$3,000,000.00) (the “**Loan**”) to finance the construction of a multi-family structure to be known as Marylhurst Commons Apartments while will contain a total of one hundred (100) apartment units and one hundred forty-eight (148) parking spaces (the “**Project**”). The Project is located at 3190 Furman Drive, Lake Oswego, Oregon, as further described on **Exhibit A** attached hereto (the “**Property**”). The Property includes the Project and all buildings, structures, fixtures, equipment, and other improvements now or hereafter constructed or located upon the Property.

B. The purpose of the Loan is to achieve the purpose of providing affordable housing for a period of at least sixty (60) years. The Lender, by loaning money to the Borrower, has foregone other opportunities to fund projects that would have resulted in the long-term availability of affordable housing units. Unless the Project is maintained in safe, clean, serviceable condition for the entire sixty (60) year period in accordance with that certain Regulatory Agreement of even date herewith between the Lender and Borrower, the Lender will not receive the benefit the parties agreed upon.

C. As a condition of making the Loan, the Lender requires that Borrower establish and maintain a Replacement Cost and Capital Improvement Reserve Account (“**Reserve Account**”) which shall run with Borrower’s leasehold interest in the land.

D. Borrower will have an obligation to establish and deposit funds annually into the Reserve Account, provided, however, that such obligation may be satisfied by making deposits

into a reserve account established and maintained with a lender whose security interest in the Property is senior to the Lender from time to time (the “**Senior Permanent Lender**”).

E. Borrower and the Lender have negotiated all the terms and conditions of this Agreement and desire to enter into this Agreement to evidence Borrower’s obligations.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and promises set forth below, the parties agree:

1. **Recitals.** The Recitals are incorporated into this Agreement as if set forth herein.
2. **Reserve Account.**

(a) Subject to the provisions of Section 2(b), the Reserve Account shall be established by Borrower on the earlier of (i) the first day of the month after the beginning of the Permanent Loan Period or (ii) the date upon which Borrower establishes an account for replacement costs and capital improvements with the Senior Permanent Lender (the “**Establishment Date**”) and will end on the date that is the expiration of the initial sixty (60) year Affordability Period (the “**Termination Date**”). The term of the Reserve Account will be the period beginning on the Establishment Date and ending on the Termination Date (the “**Reserve Account Period**”). The Reserve Account must be a segregated business bank account established to hold the replacement cost and capital improvement reserves under this Agreement. Borrower shall select the form of the account with the approval of the Lender which approval shall not be unreasonably withheld, conditioned, or delayed, and provide the Lender with set-up documentation from the financial institution where the Reserve Account is opened. The institution where the Reserve Account is to be opened shall be an FDIC insured financial institution selected by Borrower and approved by Lender whose approval shall not be unreasonably withheld, conditioned, or delayed. During the Reserve Account Period, Borrower shall make monthly deposits to the Reserve Account with income from the operations of the Project in the sum of \$2,500.00 or such higher amount as may be required by the Senior Permanent Lender. The monthly deposit shall increase on each anniversary of the Establishment Date by an amount equal to three percent (3%) per annum of the amount of the monthly deposit for the previous year.

(b) Notwithstanding anything in this Agreement to the contrary, Borrower shall not be obligated to maintain the Reserve Account with Lender so long as Borrower maintains a reserve account with the then current Senior Permanent Lender. An account maintained with the Senior Permanent Lender for replacement or capital items or extraordinary repairs pursuant to terms negotiated between Borrower and the Senior Permanent Lender (the “**Senior Replacement Reserve Agreement**”) shall serve as, and shall satisfy the requirements for, the Reserve Account under this Agreement and Borrower shall be relieved of any obligation to make deposits under this Agreement. The Borrower shall provide the Lender with a copy of the Senior Replacement Reserve Agreement.

(c) Once the Senior Permanent Lender’s loan is repaid and not replaced by another lender that qualifies as a Senior Permanent Lender which requires a Senior Replacement Reserve

Agreement, Borrower shall comply with the requirements of this Agreement for the remaining duration of the Reserve Account Period. In such event, the Borrower shall make an initial deposit into the Reserve Account in an amount which Borrower and Lender mutually agree. Borrower shall propose such amount and with the consent of the Lender, which consent shall not be unreasonably withheld, conditioned, or delayed, the amount to be funded shall be established and the Reserve Account shall be funded by Borrower in such amount. If requested by Lender, Borrower shall cause a physical assessment of the Project to be conducted before the amount is determined to better assure that the amount is adequate. Thereafter, the monthly deposit into the Reserve Account shall be an amount equal to the amount that would have been required to be deposited monthly if the Reserve Agreement had been in effect from the Establishment Date until the date that the Reserve Account is activated using the method of calculation of the increase set forth in the last sentence of Section 2(a).

(d) Interest earned on all funds in the Reserve Account will remain with the Reserve Account. The interest earned on such funds shall be added to the principal balance of the Reserve Account and disbursed in accordance with the provisions of this Agreement. Lender shall not be responsible for any losses resulting from investment of moneys in the Reserve Account as directed by Borrower or for obtaining any specific level or percentage of earnings on such investment.

3. Term.

The obligation under this Agreement shall remain in full force and effect until the Termination Date.

4. Maintenance of Project.

(a) Borrower shall maintain the Project in safe, clean, and habitable condition, for the entire duration of the Reserve Account Period.

(b) The Lender and its employees, agents, and representatives may upon reasonable notice and subject to applicable landlord tenant law, periodically enter upon the Property for the purpose of inspection to ascertain compliance with the terms of this Agreement.

(c) Beginning on the date that the then current Senior Permanent Lender's loan is repaid and not replaced by a loan from another Senior Permanent Lender, Lender will have the right to require a physical assessment of the Project. Based on such assessment, the Lender may require the Borrower to deposit additional funds into the Reserve Account or may authorize the Borrower to discontinue the annual payment to the Reserve Account until such time that the Lender deems the balance to be insufficient to cover replacement costs and capital improvements. Should the balance go below an acceptable level, Borrower agrees to deposit funds to maintain the Project as agreed.

5. Use of Reserve Account.

(a) The purpose of the Reserve Account is to provide funds for the future replacement of capital items and extraordinary repairs. Capital items are items in need of

replacement that have an estimated useful life of five or more years. Extraordinary repairs are repairs that will extend the life of an item for five or more years.

(b) Ordinary, general, and routine repair and maintenance must be funded from the Borrower's annual budget, repair, and maintenance line item, and not from the Reserve Account.

6. Disbursements from Reserve Account.

Any disbursements from the Reserve Account are subject to the Lender's prior written approval, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, disbursements from a reserve account maintained with the then-current Senior Permanent Lender in accordance with Section 2(b) above shall not require Lender's prior written approval. If the repair is an emergency, then approval by the Lender may be granted over the telephone. If Borrower is unable to reach a staff person at the Lender on the phone, Borrower may proceed with the repairs without the Lender's approval. An emergency replacement or repair is defined as one that: (a) requires immediate action to remedy; (b) threatens the safety or well-being of the tenants or the Project; or (c) the cause could not be foreseen by a reasonably prudent businessperson in the same or similar situation (e.g., sudden plumbing, mechanical or heating system failure). Borrower shall submit to the Lender supporting documentation for the emergency repairs and a statement indicating what, if any, portion of the emergency replacement or repair is covered by insurance.

7. Reporting and Financial Statements.

Annually on the first day of September of each year, Borrower shall provide to the Lender the following:

(a) A statement of account or other evidence of the amount on deposit in the Reserve Account as of December 31 of the prior calendar year;

(b) An accounting of funds disbursed from the Reserve Account and the uses of those funds during the prior calendar year; and

(c) A projection of anticipated and/or planned capital expenditures for the then current calendar year.

On the tenth (10th) anniversary of the beginning of the Reserve Account Period, and every tenth (10th) anniversary thereafter, a Project capital needs assessment in a form reasonable required by the Lender.

8. Events of Default.

Any of the following, which is not cured within the applicable notice and cure period, shall be an event of default (each an "**Event of Default**") under this Agreement:

(a) **Failure to Comply with Covenants, Conditions, Agreements, or Obligations.** Borrower fails to perform or abide by any covenant, condition, agreement, or obligation in this Agreement, and such failure, to the extent curable, is not cured within thirty (30) days after

written notice from the Lender specifying the Event of Default or, if such breach cannot with due diligence be cured within such period, if Borrower shall fail within such thirty (30) day period to commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event shall occur within sixty (60) days after the default notice).

(b) **Default Under Loan Documents.** An Event of Default occurs under any one or more of the other Loan Documents, and Borrower fails to cure the default within the applicable cure period, if any, set forth therein.

9. **Rights and Remedies on Default.**

Upon the occurrence of an Event of Default and at any time thereafter, the Lender may, at its option, exercise any one or more of the following rights and remedies:

(a) **Performance of Obligations.** The Lender may, by mandamus or other suit, action or proceeding at law or in equity, require Borrower to perform its covenants, conditions, agreements, and obligations in this Agreement, or to abate, prevent, or enjoin any acts or things which may be unlawful or in violation of the rights of the Lender in this Agreement, including by order to compel Borrower to undertake and complete repairs reasonably necessary as determined by the Lender to preserve the suitability of the affordable units.

(b) **Access to Records.** The Lender will have the right to access, inspect, examine, and make copies of all the books and records of Borrower pertaining to the Project.

(c) **Other Rights and Remedies.** The Lender will have any other rights or remedies provided in this Agreement, the Trust Deed, the Note, the other Loan Documents, or any other instrument delivered by Borrower in connection with the financing accommodations.

(d) **Money Damages.** The Lender may take such other action available at law or in equity as may appear necessary to enforce the covenants, conditions, agreements, and obligations of Borrower in this Agreement, in such order and manner as it may select, to recover monetary damages caused by such violation or attempted violation of any covenant, condition, agreement, or obligation. Such damages to include but not be limited to all costs, expenses including but not limited to staff and administrative expense, fees, including but not limited to all reasonable attorneys' fees which may be incurred by the Lender or any other party in enforcing or attempting to enforce this Agreement following any Event of Default on the part of Borrower or its successors, whether the same shall be enforced by suit or otherwise.

(e) **Receiver.** The Lender may petition for the appointment of a Receiver who shall have a right to enter the Project upon appointment.

(f) **Equity Investor Courtesy Notice.** If an Event of Default occurs under this Agreement or any of the other Loan Documents, Lender is aware of such Event of Default, and Lender intends to exercise any of its remedies on account of such Event of Default, then Lender at the same time as it delivers notice to Borrower will deliver written notice of such Event of Default to Borrower's Equity Investor. Upon receiving the notice of default pursuant to this subsection, Borrower's Equity Investor, will have the right to cure such default, within the same time periods as provided to Borrower in this Agreement and Lender shall not exercise any rights

and remedies under this Agreement until the expiration of such cure period afforded to the Equity Investor.

10. Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

11. Notices.

Any notice required or permitted under this Agreement shall be in writing and shall be deemed effective (i) when actually delivered in person, (ii) one business day after deposit with a commercial courier service for “next day” delivery, or (iii) three business days after having been deposited in the United States mail as certified or registered mail with a copy sent by email, addressed to the parties at the addresses set forth in Section 12.4 of the Loan Agreement or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

12. Assignment. Borrower may not assign this Agreement without the prior written consent of the Lender.

13. Modification; Prior Loan Agreements; Headings. This Agreement may not be modified or amended except by an instrument in writing signed by Borrower and the Lender. This Agreement taken together with the other Loan Documents reflect and set forth the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersede all prior agreements and understandings relating to such subject matter. The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect any of the terms hereof.

14. Governing Law; Venue. This Agreement is governed by the laws of the State of Oregon without regard to the conflict of law provisions of Oregon law. Venue is in the Circuit Court of Clackamas County, Oregon.

*[The remainder of page intentionally left blank.
The next two pages are the signature pages.]*

LENDER:

HOUSING AUTHORITY OF CLACKAMAS COUNTY,
a public body corporate and politic of
Clackamas County, Oregon

By: _____
Toni Karter
Interim Executive Director

STATE OF OREGON)
) ss:
COUNTY OF CLACKAMAS)

The foregoing instrument was acknowledged before me this ____ day of [September], 2022, by Toni Karter, in her capacity as Authorized Representative and Interim Executive Director of the Housing Authority of Clackamas County.

Notary Public for _____
My commission expires: _____

EXHIBIT A
LEGAL DESCRIPTION

COVER SHEET

- New Agreement/Contract
- Amendment/Change/Extension to _____
- Other _____

Originating County Department: _____

Other party to contract/agreement: _____

Description:

After recording please return to: _____

County Admin

Procurement

If applicable, complete the following:

Board Agenda Date/Item Number: _____