

April 21, 2022

Board of County of Commissioners
Clackamas County

Members of the Board:

Approval of Loan Forgiveness for the Red Lodge Transition Services
project funded with Community Development Block Grant.
No County General Funds

Purpose/ Outcome	Forgiveness of the loan portion of a Cooperation Agreement for the acquisition of a property for transitional housing
Dollar Amount and Fiscal Impact	Community Development Block Grant funds (CDBG) of \$ 210,000: CDBG Funds
Funding Source	U.S. Department of Housing and Urban Development No County General Funds
Duration	Cooperation Agreement will stay in effect until January 27, 2027
Previous Board Action/ Review	January 19, 2017 BCC approval of the Cooperation Agreement. Issues topic 4.19.22
Strategic Plan Alignment	Increase self-sufficiency for our clients. Ensure safe, healthy and secure communities.
County Review	January 10, 2017
Procurement Review	1. Was the item processed through Procurement? yes <input type="checkbox"/> no <input checked="" type="checkbox"/> X 2. Working with Finance Grants, Community Development Division distributed a Notice of Funding Opportunity (NOFO)
Contact Person	Mark Sirois, Manager - Community Development: 503-351-7240
Contract No.	H3S 8045

BACKGROUND: Red Lodge Transition Services (RLTS) is a local non-profit organization dedicated to providing transitional services to persons leaving incarceration and treatment facilities in a way that aligns with the Native American culture and values. On April 14, 2016 the BCC approved \$150,000 of CDBG funding for RLTS to acquire property on which to provide transitional housing coupled with culturally specific services for formerly incarcerated women and their children.

PROJECT OVERVIEW: The Community Development Division of the Health, Housing and Human Services Department received BCC approval of the Cooperation Agreement with Red Lodge Transition Services for the purchase of a rural residential property to be used as transitional housing for women as allowed under U.S. Department of Housing and Urban Development (HUD) guidelines.

In 2017, Red Lodge Transition Services (RLTS) was provided a \$150,000 grant and a \$210,000 loan to purchase and renovate this property as a transitional housing facility for mostly Native American women leaving correctional facilities and re-uniting with their families. RLTS has requested that the \$210,000 loan terms be re-negotiated, be forgiven completely or converted to a grant. This would allow RLTS to use their limited funds to make improvements to the property to expand services.

RECOMMENDATION: We recommend signature approval of this Loan Forgiveness to allow RLTS to use any available funds to make property improvements and possibly expand these needed transitional housing services for vulnerable women and their children.

Respectfully submitted,

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

A handwritten signature in cursive script that reads "Rodney A. Cook".

Attached:
Forgiveness letter
Re-conveyance form
Trust Deed and Promissory Note



April 21, 2022

Trish Jordan, Executive Director
Red Lodge Transition Services
PO Box 55157
Portland, Oregon 97238

RE: COMMUNITY DEVELOPMENT AGREEMENT – LOAN FORGIVENESS

Dear Ms. Jordan:

Red Lodge Transitional Services was awarded Community Development Block Grant (CDBG) funds as a grant and a loan for the purchase and remodel of the property located at 21004 S. Highway 213, Oregon City, Oregon 97045.

We have received your request to modify the \$210,000 loan portion of this Cooperation Agreement signed on 1/19/2017. After review of your letter dated 2/28/2022, that included the additional improvements your agency would like to complete on the property and a review of your agency financial statements, we have agreed to waive repayment of the \$210,000 loan portion of the Cooperation Agreement. All other terms and conditions of the Cooperation Agreement, including the Declaration of Land Use Restrictive Covenants, shall remain in place.

We will be requesting a property title re-conveyance to remove the First Deed of Trust and Promissory Note currently filed with the Lawyer's Title agency. You should be receiving the revised property title once this re-conveyance is completed by the title company.

We appreciate and value your agency transitional housing services for Native American and other vulnerable women in Clackamas County. The Cooperation Agreement will stay in effect until January 27, 2027, as will the Declaration of Land Use Restrictive Covenants. We look forward to your agency's continued success in providing housing and services to vulnerable women thereby helping us to meet our County goals to Ensure Safe, Healthy and Secure Communities.

Sincerely,

Tootie Smith, Chair
Clackamas County Board of County Commissioners

**AMENDMENT #1
TO COOPERATION AGREEMENT WITH RED LODGE TRANSITION SERVICES**

This Amendment #1 is entered into between **Red Lodge Transition Services** ("Red Lodge") and Clackamas County ("County") and shall become part of the cooperation agreement ("Agreement") entered into between both parties on or about January 19, 2017.

Under the Agreement, the County provided Community Block Grant Development ("CDBG") funds to Red Lodge to purchase real property generally located at 21004 S. Highway 213, Oregon City, OR 97045 (the "Property"). The Property is used to provide transitional services to women leaving incarceration and treatment facilities, with a focus on Native American culture and values.

The County provided Red Lodge \$150,000 dollars as grant funds, and a \$210,000 as a zero percent (0.0%) interest loan. The loan is further documented with a promissory note ("Note") and secured by a deed of trust ("Trust Deed") on the Property. A declaration of land use restrictive covenants ("DLURC") is also recorded on the Property.

Red Lodge has requested the County forgive the loan portion of the Agreement, which would release the Note and reconvey the Trust Deed.

Now, therefore, for good and valuable consideration, the parties agree to amend the Agreement as follows:

1. **Article III, Budget and Financial**, is hereby amended as follows:

County hereby waives the requirement that Red Lodge repay the \$210,000 owed under the Note. County will take the necessary steps to release the Note. County will further reconvey the Trust Deed securing the repayment of the Note.

Except as expressly amended above, all other terms and conditions of the Agreement shall remain in full force and effect. By signature below, the parties agree to this Amendment #1, effective upon the date of the last signature below.

Red Lodge Transition Services

Clackamas County


Authorized Signature Date

Patricia M. Jordan
Printed Name

Tootie Smith, Chair
Board of County Commissioners

Date

Clackamas County Official Records **2017-006539**
 Sherry Hall, County Clerk 01/30/2017 02:56:00 PM
 M-TD Cnt=1 Str=0 KARLYN
 \$22.00 \$60.00 \$10.00 \$16.00 NO FEE

B.O. 2003--236

**THIS PAGE IS A PART OF
 THE OFFICIAL DOCUMENT
 PLEASE DO NOT REMOVE**

AFTER RECORDING RETURN TO:
 Clackamas County
 Community Development Division
 Attn: Kevin Ko
 2051 Kaen Road, Room 245
 Oregon City, OR 97045

STATUTORY NOTICE:
 The name and address of the entity holding a lien or other interest created by this instrument are set forth below, and the tax account number of the property subject to the lien or in which the interest is created is: Clackamas County Community Development Division

FIRST DEED OF TRUST

Community Development Block Grant Program

THIS FIRST DEED OF TRUST, (herein "Trust Deed"), is made this 25th day of Jan, 2017, between Red Lodge Transition Services, (herein "Borrower"), Lawyers Title of Oregon, LLC, (herein "Trustee"), whose address is _____ and the Lender, **CLACKAMAS COUNTY**, (herein "Beneficiary"), a public agency organized and existing under the laws of the State of Oregon, whose address is:

CLACKAMAS COUNTY
 Community Development
 2051 Kaen Road, Suite 245
 Oregon City, Oregon 97045.

Borrower owes Beneficiary the principal sum of:

Two Hundred Ten Thousand and no/100 Dollars (\$210,000.00)

This debt is evidenced by Borrower's promissory note ("Promissory Note") dated the same date as this Trust Deed. The Promissory Note provides for a deferral of monthly payments if Borrower complies with the terms of Promissory Note and the terms of this Trust Deed.

WITNESSETH:

Borrower hereby bargains, sells and conveys to Trustee IN TRUST, with power of sale, the following described real property ("Property") in Clackamas County, Oregon, which is not used principally for agricultural or farming purposes, to-wit:

(See Attached Legal Description)

STREET ADDRESS: 21004 S Hwy 213, Oregon City, OR 97045

Together with, but not limited to, all buildings, structures, improvements, tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

THIS TRUST DEED is for the purpose of securing performance of the promissory Note and each agreement of Borrower herein contained, and the payment of the sum of:

Two Hundred Ten Thousand and no/100 Dollars (\$210,000.00)

in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary, and made by Borrower, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Borrower, or any of their successors or assigns.

To Protect The Security of This Trust Deed, Borrower Covenants And Agrees:

- A. Follow All Laws; Commit No Waste. To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.

LAWYERS 8170253375

AFTER RECORDING RETURN TO:
Clackamas County
Community Development Division
Attn: Kevin Ko
2051 Kaen Road, Room 245
Oregon City, OR 97045

STATUTORY NOTICE:
The name and address of the entity holding a lien or other interest created by this instrument are set forth below, and the tax account number of the property subject to the lien or in which the interest is created is: Clackamas County Community Development Division

FIRST DEED OF TRUST

Community Development Block Grant Program

THIS FIRST DEED OF TRUST, (herein "Trust Deed"), is made this 25th day of Jan • 2017, between Red Lodge Transition Services, (herein "Borrower"), Lawyers Title of Oregon, LLC, (herein "Trustee"), whose address is _____ and the Lender, **CLACKAMAS COUNTY**, (herein "Beneficiary"), a public agency organized and existing under the laws of the State of Oregon, whose address is:

CLACKAMAS COUNTY
Community Development
2051 Kaen Road, Suite 245
Oregon City, Oregon 97045.

Borrower owes Beneficiary the principal sum of:

Two Hundred Ten Thousand and no/100 Dollars (\$210,000.00)

This debt is evidenced by Borrower's promissory note ("Promissory Note") dated the same date as this Trust Deed. The Promissory Note provides for a deferral of monthly payments if Borrower complies with the terms of Promissory Note and the terms of this Trust Deed.

WITNESSETH:

Borrower hereby bargains, sells and conveys to Trustee IN TRUST, with power of sale, the following described real property ("Property") in Clackamas County, Oregon, which is not used principally for agricultural or farming purposes, to-wit:

(See Attached Legal Description)

STREET ADDRESS: 21004 S Hwy 213, Oregon City, OR 97045

Together with, but not limited to, all buildings, structures, improvements, tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

THIS TRUST DEED is for the purpose of securing performance of the promissory Note and each agreement of Borrower herein contained, and the payment of the sum of:

Two Hundred Ten Thousand and no/100 Dollars (\$210,000.00)

in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary, and made by Borrower, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Borrower, or any of their successors or assigns.

To Protect The Security of This Trust Deed, Borrower Covenants And Agrees:

- A. Follow All Laws; Commit No Waste. To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.

LAWYERS
81629253375

- B. Prompt Payment of Taxes, Assessments, Other Charges. To pay before delinquent all lawful taxes and assessments upon the Property; to keep the Property free and clear of all other charges, liens or encumbrances impairing the security of this Trust Deed.
- C. Defend Security of Trust Deed. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search, in any such action or proceedings, and in any suit brought by Beneficiary to foreclose this Trust Deed.
- D. Pay All Costs and Expenses. To pay all costs, fees and expenses in connection with this Trust Deed, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorneys' fees actually incurred, as provided by statute.

IT IS MUTUALLY AGREED as follows:

1. Note Payment. The Promissory Note provides for payment of the principal amount of the Promissory Note (as provided in the Promissory Note) at the earlier of the following events or dates ("Due Date"):
- The date upon which a Transfer Event shall occur. A Transfer Event is defined as the transfer or attempted transfer of an interest in a portion or all of the Property, whether by, sale, contract, assignment or otherwise; or
 - The date upon which a Default Event occurs. A Default Event is defined as a default on any of the terms of the CDBG Agreement, the Declaration of Land Use and Restrictive Covenants, this Trust Deed or the Note; or
 - The date 60 months from the date of execution of this Trust Deed.

There will be no penalty or fee for early repayment of the Loan.

2. Loan Authority. The loan evidenced by the Promissory Note and secured by this Trust Deed (the "Loan") is being made pursuant to funds from the U. S. Department of Housing and Urban Development under the Community Development Block Grant ("CDBG") Program.
3. Prior Charges; Liens. Borrower shall perform all of Borrower's obligations under this Trust Deed, including Borrower's covenants to pay when due all taxes, assessments, charges, fines and impositions attributable to the Property, which may attain priority over this Trust Deed, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Beneficiary all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Beneficiary receipts evidencing the payments.

Borrower shall promptly discharge any other lien which shall have attained priority over this Trust Deed unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Beneficiary's opinion operates to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Trust Deed. If Beneficiary determines that any part of the Property is subject to a lien, which may attain priority over this Trust Deed, Beneficiary may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within 10 days of giving notice.

Borrower acknowledges that this Property is subject to certain use and occupancy restrictions, limiting the Property's use to occupants whose individual income is at or below eighty percent (80%) of the one-person household income for Clackamas County, Oregon as determined by the federal Department of Housing and Urban Development. The use and occupancy restrictions include requirements that prohibits Borrower from renting or sub-leasing the Property to other organizations or agencies. The violation of this use and occupancy restriction entitles Beneficiary to the remedies provided in paragraph 7 herein.

4. Protection of Beneficiary's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Trust Deed, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Trust Deed, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Beneficiary may take action under this paragraph, Beneficiary does not have to do so.

Any amounts disbursed by Beneficiary under this paragraph shall become additional debt of Borrower secured by this Trust Deed. Unless Borrower and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at 12 percent per annum and shall be payable, with interest, upon notice from Beneficiary to Borrower requesting payment.

5. Inspection. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Borrower reasonable notice prior to an inspection, unless there is an emergency or possibility thereof.
6. Borrower Not Released; Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Trust Deed granted by Beneficiary to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Trust Deed by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
7. Breach of Restrictions Regarding Occupancy or Resale. In the event that Borrower is in breach of the occupancy restrictions contained herein relating to the use of the Property, or if Borrower transfers, sells, or wishes to transfer or sell all or a part of the Property, Beneficiary shall have the option of one of the three (3) following actions:
- A. At Beneficiary's option, Beneficiary may require immediate payment in full of all sums secured by this Trust Deed. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Trust Deed.
- If Beneficiary exercises this option A, Beneficiary shall give Borrower prior written notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Trust Deed. If Borrower fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Trust Deed without further notice or demand on Borrower.
- B. Beneficiary may elect to exercise its right of first refusal to purchase the Property for its fair market value as determined by an independent appraisal, which right is hereby granted to Beneficiary by Borrower. Beneficiary's right of first refusal shall commence on the date Beneficiary receives notice of Borrower's intent to transfer or sell the Property. Beneficiary shall close the purchase in escrow within ninety (90) days of the receipt of written notice of Borrower's intent to sell or transfer the Property. If Beneficiary fails to close the purchase transaction in escrow within the ninety (90) day limit indicated herein, Beneficiary's option shall automatically terminate, with Borrower then able to sell the Property free of any right of first refusal restrictions contained herein.
- C. Power of Sale as described in Paragraph 12.
- No sale or transfer of the Property shall be valid unless Borrower shall give to Beneficiary written notice of Borrower's intent to sell or transfer the Property at the address given in this Trust Deed.
8. No Assignment. Borrower agrees that the Promissory Note and this Trust Deed will not be assigned without the Beneficiary's prior written consent.
9. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.
10. Notice Requirements. Borrower shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. As used in paragraphs 9 and 10 of this Trust Deed, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in paragraph 9 and this paragraph, "Environmental Law" means federal law and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.
11. Acceleration Remedies. A breach of any covenant or agreement in this Trust Deed shall constitute a default, and in the event of such default all sums secured by this Trust Deed shall become immediately due and payable at the option of Beneficiary. Beneficiary shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Trust Deed. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the

sums secured by this Trust Deed and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of default or any other defense of Borrower to acceleration and sale.

If the default is not cured by Borrower on or before the date specified in the notice, Beneficiary, at its option, may require immediate payment in full of all sums secured by this Trust Deed without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing this remedy, including but not limited to, reasonable attorney's fees and costs of title evidence.

12. Power of Sale. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the property at public auction to the highest bidder for cash at the time and the place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property without any covenant or warranty, express or implied. The Trustee's deed will recite the facts showing that the sale was conducted in compliance with the requirements of the Deed of Trust Act of the State of Oregon and of this Trust Deed. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein, and conclusive evidence of compliance in favor of a bona fide purchaser or encumbrancer for value. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Trust Deed; and (c) any excess to the person or persons legally entitled to it.

13. No Waiver of Other Remedies. The power of sale conferred by this Trust Deed and by the Deed of Trust Act of the State of Oregon is not an exclusive remedy. Beneficiary may cause this Trust Deed to be foreclosed as a mortgage. Beneficiary may also elect to commence a judicial action on the Promissory Note. In the event Beneficiary chooses to elect any of these remedies, that election is not a waiver of any other remedy under this Trust Deed.
14. Appointment of Successor Trustee. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor Trustee, and upon the recording of such appointment in the mortgage records of the County in which this Trust Deed is recorded, the successor Trustee shall be vested with all powers of the original Trustee.
15. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods that Beneficiary requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Beneficiary's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's interest in the Property in accordance with paragraph A of this Trust Deed. The cost of any insurance purchased by Beneficiary to protect its interest in the Property will be added to the Borrower's loan balance.

All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. Beneficiary shall be named as a loss payee as its interest may appear and shall be named as an additional insured. If Beneficiary requires, Borrower shall promptly give to Beneficiary copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Borrower.

Unless Beneficiary and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Beneficiary's security is not lessened. If the restoration or repair is not economically feasible or Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Trust Deed, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within thirty (30) days a notice from Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may use the proceeds to repair or restore the Property or to pay sums secured by this Trust Deed whether or not then due. The 30-day period will begin when the notice is given.

17. Transfer of Insurance. If under paragraphs 12 and 13 the Property is acquired by Beneficiary, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Trust Deed immediately prior to the acquisition.

- 18. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of this Trust Deed.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Trust Deed, whether or not then due, including all expenses and costs pertaining to the enforcement of this Trust Deed with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Trust Deed immediately before the taking, unless Borrower and Beneficiary otherwise agree in writing, the sums secured by this Trust Deed shall be reduced by the amount of the proceeds multiplied by the following fraction; (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Trust Deed whether or not the sums are then due.

If the property is abandoned by Borrower, or if, after notice by Beneficiary to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Trust Deed, whether or not then due.

- 19. **Reconveyance.** Upon payment of all sums secured by this Trust Deed, Lender shall request Trustee to reconvey the Property and shall surrender this Trust Deed and all notes evidencing indebtedness secured by this Trust Deed to Trustee. Trustee shall reconvey the Property without warranty and without chafe to the person or persons legally entitled thereto. Such persons or persons shall pay all costs of recordation, if any. Borrower will be responsible to pay any fee charged to the Lender for the Reconveyance.

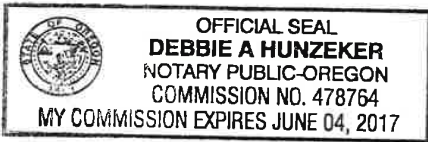
- 20. **Post Judgment Interest.** If this Trust Deed is foreclosed, or any remedy exercised hereunder, any judgment or decree will bear interest on the unpaid balance at the rate of 12%, compounded annually.

Patricia M. Jordan
Red Lodge Transition Services (Borrower)

STATE OF OREGON)
)ss
Clackamas County)

This foregoing instrument was acknowledged before me this 25 day of January, 2017, by Patricia M. Jordan, . Executive Director of Red Lodge Transition Services

Debbie A Hunzeker
NOTARY PUBLIC FOR OREGON
My Commission Expires 6/4/2017



REQUEST FOR RECONVEYANCE

TO: Trustee

The undersigned is the legal owner and holder of the Note and all other indebtedness secured by the within Trust Deed. Said Note, together with all other indebtedness secured by said Trust Deed, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Trust Deed, to cancel said Note above mentioned, and all other evidences of indebtedness secured by said Trust Deed delivered to you herewith, together with the said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed, all the estate now held by you thereunder.

DATED this _____ day of _____, 20____.

BY: _____

Exhibit "A"

A tract of land, being that tract of land conveyed to Steven B. Watts by Deed recorded as Fee No. 85-21925, and a part of that certain tract of land conveyed to Thomas L. and Mariko Nelson by Deed recorded as Fee No. 77-34095, Deed Records of Clackamas County, Oregon, situated in the Southeast one quarter of Section 16 and the Northeast one quarter of Section 21, Township 3 South, Range 2 East, Willamette Meridian, and being more particularly described as follows:

Beginning at a 5/8 inch iron rod found at the most Easterly corner of said Nelson tract; thence South 72° 41' 04" West along the South line of said Nelson tract, 92.65 feet; thence North 27° 43' 50" West, parallel with the Easterly line of said Nelson tract, 245.05 feet to a point on the Northerly line of the said Nelson tract; thence South 79° 48' 52" West, along the Northerly line of the said Nelson tract, 506.79 feet to the Northwesterly corner thereof, being on the Easterly right of way line of Oregon State Highway No. 213; thence North 20° 41' 30" West along the Easterly line of said Highway No. 213, 25.43 feet to a 5/8 inch iron rod at the Northwesterly corner of said Watts tract; thence, North 79° 48' 52" East, along the Northerly line of the said Watts tract and being 25.00 feet Northerly of and parallel with the Northerly line of the said Nelson tract, 1248.45 feet to an iron rod at the most Easterly corner thereof; thence South 56° 25' 02" West along the Southeasterly line of said Watts tract, 622.39 feet to the point of beginning.

SUBJECT TO AND TOGETHER WITH a 50.00 foot wide strip of land to be used for ingress and egress and utility purposes, in common with others, over the Westerly 25.00 foot wide strip, and an adjoining 25.00 foot strip Southerly of the Westerly 25.00 foot wide strip, of the above described tract, beginning at the Easterly right of way line of the Oregon State Highway No. 213 and extending Easterly to the Westerly line of the above described tract and the Northwesterly extension thereof.

PROMISSORY NOTE SECURED BY REAL PROPERTY

21004 S. Highway 213, Oregon City, Oregon 97045
(Property Address)

BORROWER'S PROMISE TO PAY:

In return for a loan that Red Lodge Transition Services (Borrower) has received (Loan), the undersigned Patricia Jordan, an authorized representative of Borrower, promises to pay to **CLACKAMAS COUNTY**, (Lender), the principal sum of **Two Hundred Ten Thousand and no/100 Dollars (\$210,000.00)** (Loan Amount) in accordance with the terms and conditions of this Note. This Note is secured by a First Deed of Trust (Trust Deed) encumbering the property described therein (Property), which carry the same date as the date of this Note.

- 1. Loan Authority.** The Loan evidenced by this Note is being made pursuant to Clackamas County's Community Development Block Grant (CDBG) Program. The funding for this Loan is through the federal Department of Housing and Urban Development. Regulations for the CDBG Program are located in 24 CFR Part 570, and subject to that certain Cooperation Agreement by and between Borrower and Lender dated January 19, 2017. (CDBG Agreement)
- 2. Due Date of Note:** This Note shall be due and payable at the earlier of the following events or dates ("Due Date"):
 - a.** The date upon which a Default Event shall occur. A Default Event is defined as the default on any of the terms of the CDBG Agreement, the Declaration of Land Use and Restrictive Covenants (Exhibit 1 to CDBG Agreement), this Note, or the Trust Deed; or
 - b.** The date upon which a Transfer Event shall occur. A Transfer Event is defined as the transfer or attempted transfer of an interest in a portion or all of the Property, whether by, sale, contract, assignment or otherwise; or
 - c.** The date 60 months after the date of execution of the Trust Deed.
- 3. Interest.** There will be no interest charged on this Loan, except in the event of default on this Note, as set forth below.
- 4. Payments.** There are no monthly payments required on this Loan. The Borrower is not required to make payments of principal or interest, except as follows:
 - a.** The Borrower shall repay the Loan Amount upon the Due Date; and
 - b.** If a Transfer Event or a Default Event occurs, the Loan will immediately begin to accrue interest at the rate of twelve percent (12%) interest per annum. The total amount due under this Note shall be the Loan Amount plus any accrued interest.
- 5. Obligations of Borrower.** Borrower is fully obligated to adhere to the promises, conditions and terms made in this Note, including the promise to pay the full amount owed. Any person or organization who assumes these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note holder may enforce its rights under this Note against Borrower or against any person or organization who assumes the obligations of this Note.
- 6. Waivers.** All undersigned, and any other person, who has obligations under this Note, waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note holder to demand payment of amounts due. "Notice of dishonor," means the right to require the Note holder to give notice to other persons that amounts due have not been paid.
- 7. Borrower's Right to Prepay.** The Borrower reserves the right to prepay at any time all, or any part of the remaining balance of this Note without any prepayment penalties.
- 8. Uniform Secured Note.** This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Lender under this Note, the Trust Deed, dated the same date as this Note, protects the rights of the Lender. The Trust Deed describes

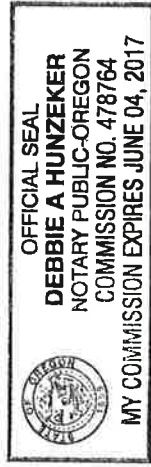
how and under what conditions Borrower may be required to make immediate payment in full of all amounts Borrower owes under this Note.

RED LODGE TRANSITION SERVICES

Patricia M. Jordan
Authorized Representative Jan 25, 2017
Date

STATE OF OREGON)
County of Clackamas)ss:

This foregoing instrument was acknowledged before me this 25 day of January, 2017
by Patricia M. Jordan, Executive Director of Red Lodge Transition Services



Debbie A. Hunzeker
NOTARY PUBLIC for the State of Oregon.
My Commission Expires: 6/4/2017