

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT is made effective as of the \_\_\_\_ day of June, 1998, between Jacob's Lane Limited Partnership, an Oregon limited partnership ("Owner"), and Housing Authority and Community Services Agency of Lane County, a public corporation of the State of Oregon ("Manager").

RECITALS

A. Owner owns certain real property located in Eugene, Oregon, as described on Exhibit A attached hereto, together with all improvements, appurtenances and equipment located thereon, including, when completed, sixty-three (63) low income housing units (the "Project").

B. Owner wishes to obtain the services of Manager in connection with the management of the Project subject to the terms and provisions of this Agreement; and Manager wishes to perform such services for a fee in exchange for the management fee provided herein.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto mutually agree as follows:

ARTICLE 1  
APPOINTMENT AND ACCEPTANCE

1.1 Appointment and Acceptance. Owner hereby appoints Manager to manage, operate, maintain and otherwise be responsible for renting the residential units in the Project and Manager hereby accepts the appointment, subject to the terms and conditions set forth in this Agreement.

ARTICLE 2  
TERM

2.1 Term. This Agreement shall become effective on the date hereof and shall continue in full force and effect until December 31, 1998, and shall be automatically renewed every three years until December 31, 2015, unless terminated by Owner or Manager with not less than sixty (60) days written notice prior to the end of the initial term or any renewal period.

ARTICLE 3  
SERVICES OF MANAGER

3.1 Standard of Conduct. Manager represents that it is experienced in professional management of property of the character and nature similar to the Project and Manager agrees to manage the Project in accordance with the highest professional standards for such property.

3.2 Plans and Specifications. As soon as practicable, but not later than final completion of the rehabilitation or construction of the Project or any phase thereof, Owner shall furnish Manager with a complete set of general plans and specifications for the Project and copies of all guarantees and warranties pertinent to construction and fixtures and equipment of the Project. With the aid of this information and inspection by competent personnel, Manager shall thoroughly familiarize itself with the character, construction, layout and plans of the Project, including the electrical, heating, plumbing and ventilating system and all other mechanical equipment in the Project.

3.3 Rentals. Manager shall offer for rent and shall rent the housing units in the Project in accordance with all Requirements (as defined below), a rent schedule approved in writing by Owner and the leasing guidelines and form of lease referred to below. Pursuant to its rental responsibilities Manager shall:

(a) show housing units for rent in the Project to all prospective Tenants;

(b) take and process applications for rentals, including prospective Tenant interviews and credit checks. If an application is rejected, the applicant shall be advised of the reason for rejection. The rejected application, together with the written notice of the rejection and any other related correspondence, shall be kept on file for three years following the rejection;

(c) comply with the leasing and other requirements contained in Section 42 of the Code with respect to housing units eligible for the low-income housing tax credit and requirements contained in any documents executed by Owner in connection with the acquisition, financing and ownership of the Project (the "Requirements"), including, but not limited to, the Partnership Agreement, the Loan Documents and the Project Documents;

(d) comply with the leasing guidelines attached hereto as Exhibit B and by this reference made a part hereof, and use for each lease a form of lease to be provided by Manager (a "Lease"), which Lease form shall be subject to the approval of Owner and shall be consistent with all applicable laws and the Requirements, unless otherwise agreed by Owner and Manager in writing;

(e) be responsible for, or assist Owner in, the certification and recertification of Tenants covered by any Housing Assistance Payments Contract that may be applicable to the Project with respect to federal Section 8 rent subsidies or housing vouchers, following procedures required by the U.S. Department of Housing and Urban Development ("HUD"). After the first year of certification and recertification of Tenants, the certification and recertification process shall be the sole responsibility of Manager;

(f) execute all Leases in Manager's name, identified thereon as agent for Owner, subject to prior written approval by Owner of any deviation from Owner's approved rent schedule, Lease form and leasing guidelines;

(g) negotiate and execute any commercial leases and concession agreements in Manager's name, identified thereon as agent for Owner, subject to prior written approval by Owner of all terms and conditions;

(h) collect, deposit and disburse security deposits, if required, in accordance with the terms of each Lease and Section 7.2 hereof. The amount of each security deposit shall be held by Manager in an account, separate from all other accounts and funds. Such account shall be in the name of the Manager and designated of record as "Security Deposit Account." Interest on security deposits shall be paid according to law;

(i) maintain a current list of acceptable prospective Tenants and undertake all arrangements necessary and incidental to the acceptance of rental applications and the execution of Leases. Manager shall exercise its best efforts (including, but not limited to, placement of advertising, interview of prospective Tenants, assistance and counseling in completion of rental applications and execution of Leases, processing of documents and credit, and employment verifications, and explanation of the program and operations of Owner), to effect the leasing of dwelling units, renewal of Leases and, in accordance with the terms of each Lease and the Requirements, subleasing of dwelling units in the Project, so that the Project is occupied as fully as possible;

(j) perform such other acts and deeds requested by Owner as are reasonable, necessary and proper in the discharge of Manager's rental duties under this Agreement;

(k) prorate the first month's rent collected from Tenant should the Lease term commence on any other day than the first day of the month. If the Lease term occurs after the twentieth (20th) day of the month, the prorated amount, plus the next month's rent, shall be collected on or before the first day of the Lease term; and

(l) participate in the inspection of each dwelling unit identified in the Lease together with the Tenant prior to move-in, and upon move-out, and shall record in writing any damage to the unit at the time the Tenant moved in and any damage occurring during the Tenant's occupancy.

### 3.4 Qualified Rental Use.

(a) HUD Requirements. In furtherance of Owner's business purposes, Manager shall rent units in the Project only to individuals or families who, at a minimum, qualify under the guidelines established for the State of Oregon by the Secretary of the United States Department of Housing and Urban Development as "low or moderate income" families. Manager shall, in renting housing units, obtain credit and character references, and perform such checking as is customary in residential real estate management.

(b) Low Income Housing Tax Credit Requirements. Manager acknowledges that Owner is required to use its best efforts to lease one hundred percent (100%) of the residential housing units in the Project (based on ratio of apartment units or floor area of

low-income units to non-low-income units, whichever is less) to Tenants whose income and rent levels qualify such apartments for inclusion in determining federal low-income housing tax credits (the "Credits") for the Project pursuant to Section 42 of the Code, including the following requirements:

(i) at least 40% of the housing units must be occupied by individuals with incomes less than or equal to 60% of area median gross income.

(ii) the gross rent (including all utilities, but excluding HUD Section 8 or other rental assistance payments) for each housing unit may not exceed 30% of the qualifying income level for the Tenant under (i) above.

Manager further acknowledges that obtaining the Credits will have substantial economic value to Owner and its partners. Manager will familiarize itself with the low income housing tax credit requirements as they relate to Manager's leasing and management duties hereunder and shall use its best efforts to comply with such requirements and to the extent Manager is unable to do so, Manager shall promptly notify Owner of such fact and the reasons therefor. Incident thereto, the following provisions shall apply:

(A) Manager shall require each prospective tenant to certify, on the Lease application or Lease, the amount of such tenant's annual family income, family size, and any other information required to enable Owner to obtain the Credits or otherwise reasonably requested by Owner. Manager shall require Tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes.

(B) Manager shall from time to time, furnish Owner with a written schedule of maximum rents for the apartments which complies with the Requirements, for Owner's (and any lender's, if required) approval. Without Owner's (or any lender's, if required) express prior written consent, Manager shall not enter into any lease on behalf of Owner at a rental amount exceeding the applicable maximum.

(C) Manager shall maintain and preserve all written records of Tenant family income and size, and any other information necessary to comply with the Requirements or otherwise reasonably requested by Owner throughout the term of this Agreement, and shall turn all such records over to Owner upon the termination or expiration of this Agreement.

(D) If requested by Owner, Manager shall prepare reports of low-income leasing and occupancy and other matters related to Manager's obligations hereunder and to the operation of the Project in form suitable for submission in connection with the Credits and in compliance with the Requirements.

3.5 Collection of Rents and Other Receipts. Manager shall collect, when due, all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Project. Such receipts shall not be commingled with other

(e) Except as otherwise provided in this section, Manager is authorized to purchase, at Owner's expense, all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair of the Project. Manager shall obtain contracts, materials, supplies, utilities, and services on the bids on all contracts or purchases exceeding \$1,000.00 for those items which can be obtained from more than one source. Manager shall secure and credit to Owner all discounts, rebates, or commissions obtainable with respect to purchase, service contracts, and all other transactions on Owner's behalf.

Notwithstanding the foregoing, the prior written approval of Owner will be required for any contract which exceeds one year in duration or expenditure which exceeds \$500 in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Project, except for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Project. In the event of emergency repairs, Manager shall notify Owner of the facts promptly, and in no event later than 72 hours from the occurrence of the event.

3.8 Utilities and Services. Manager shall make arrangements for water, electricity, gas, fuel, oil, sewage and trash disposal, vermin extermination, decoration of common areas, laundry facilities, telephone services and other necessary services in connection with the Project. Subject to Owner's prior approval as required in Section 3.7, Manager shall make such contracts as may be necessary to secure such utilities and services.

3.9 Personnel. All on-site personnel shall be contracted service providers or employees of Manager, subject to approval of Owner, and shall be paid by Manager out of Manager's management fees.

3.10 Operating Account. Disbursements from the Operating Account shall be made in accordance with the Operating Budget prepared pursuant to Section 3.11. In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under this Section 3.10, Manager shall promptly inform Owner of the fact and Owner may then remit to Manager sufficient funds to cover the deficiency. In no event shall Manager be required to use its own funds to pay such disbursements or be liable for any losses, costs or damages arising out of Owner's failure to cover the deficiency.

3.11 Operating Budget. Manager shall prepare a recommended annual operating budget and projected rental rates for the Project for each fiscal year during the term of this Agreement, and shall submit the same to Owner at least ninety (90) days before the beginning of such fiscal year. The annual operating budget shall include a schedule of recommended rents to be charged for each housing unit, including recommended rent increases with respect to Lease renewals and new Leases. In preparing each proposed annual operating budget, Manager shall use its best efforts to take account of anticipated increases in real estate taxes, utility charges and other operating costs. To the extent feasible, Manager shall support anticipated increases in real estate taxes and utility charges with written evidence or documentation. Proposed annual operating budgets for the Project shall be subject to approval by Owner. Owner shall inform Manager of any changes incorporated in the approved operating

budget and Manager shall make no expenditures in excess of the amounts set forth in such approved operating budget, for each line item of operation expense itemized, without the prior written approval of Owner, except as permitted pursuant to Section 3.6 hereof for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary services to the Project.

3.12 Escrow & Tax Payments. From the funds collected and deposited by Manager in the Operating Account, Manager shall make any monthly escrow payments required under the Mortgage Loans, if any, for the purpose of funding insurance, tax, and such other reserve or escrow accounts for the Project as are necessary to conform to the Requirements. Manager promptly shall present tax bills and insurance premium notices to the escrow agent for payment and shall furnish Owner with evidence of timely payment of such taxes and insurance premiums, and of timely payment of Mortgage and escrow payments, if any.

3.13 Licenses and Permits. Manager shall acquire and keep in force at Owner's expense all licenses and permits required for the operation of the Project as rental housing and commercial space, if applicable.

3.14 Records and Reports. In addition to any requirements specified in this Agreement, Manager shall have the following responsibilities with respect to records and reports:

(a) Manager shall establish and maintain a system of records, books, and accounts in a manner satisfactory to Owner which is consistent with and for the durations mandated by the Requirements and all applicable laws. All records, books, and accounts shall be subject to examination at reasonable hours upon reasonable notice by any authorized representative of Owner.

(b) Manager shall prepare a monthly report in accordance with the Requirements and in form satisfactory to Owner, and any other reports which are necessary to conform to the Requirements and are consistent with Manager's duties hereunder, containing and including at least the following: (i) a statement of income and expenses and accounts receivable and payable for the preceding month, including an itemized list of all delinquent rents as of the tenth (10th) day of the current month, as well as a report on action taken thereof by Manager; (ii) a rent roll/cash receipts form for the previous month; (iii) a disbursements summary for the previous month; (iv) current bank statements with reconciliation of the Operating and Security Deposit Accounts; (v) copies of paid bills and invoices for the previous month; and (vi) a narrative of any unusual actions taken or emergencies responded to, and a full report of any accidents, claims and potential claims, for the previous month and any other information required by the Requirements. Manager shall submit each such report to Owner on or before the fifteenth (15th) day of each month and shall send all reports that are required to be sent to any lenders to Owner for Owner's prior approval, which approval shall not be unreasonably withheld or delayed; provided, however, that Owner shall have two weeks to review such reports prior to submission to any lender.

(c) Manager shall prepare, execute and file all forms, reports and returns required by law in connection with the employment of personnel, unemployment insurance, workman's compensation insurance, disability benefits, Social Security, and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

(d) All bookkeeping, data processing services and management overhead expenses shall be paid for by Manager.

(e) Manager shall promptly furnish such additional information (including monthly occupancy reports) as may be requested from time to time by Owner with respect to the renting and financial, physical, or operational condition of the Project.

(f) Manager shall establish Tenant files containing copies of Leases, certification forms, notices and other documentation required by Owner as necessary to conform to the Requirements.

(g) When necessary Manager shall prepare and forward to Owner the forms and reports necessary to withdraw funds from the Operating Reserve and Replacement Reserve.

(h) Based on the Plans and Specifications, Manager shall prepare for Owner a "Schedule for Replacement of Fixtures and Improvements", setting forth the useful life and cost of replacement of major appliances, fixtures, and improvements.

(i) Manager shall take such actions and file such papers as are necessary to ensure that the property qualifies annually for the property tax exemption available under ORS 307.480 et. seq. Such actions include filing an application for exemption annually prior to April 1 and filing a Statement of Net Rental Income annually prior to November 15. Manager shall promptly forward to Owner a copy of the Notice of Exemption received from the County Assessor.

3.15 Supporting Documentation. As additional support to the monthly financial statement required pursuant to Section 3.14(b) above, Manager shall provide, upon Owner's request, copies of the following:

- (a) All bank statements, bank deposit slips and bank reconciliations;
- (b) Detailed cash receipts and disbursements records;
- (c) Detailed trial balance;
- (d) Paid invoices; and
- (e) Summaries of adjusting journal entries.

3.16 Tenant-Management Relations. Manager shall encourage and assist Tenants of the Project to participate in a residents' organization to promote the Tenants' common interests and to increase their ability and incentive to protect and maintain the Project and to contribute to its efficient management.

3.17 Owner Communications. Manager shall be available for communications with Owner and shall keep Owner advised of items materially affecting the Project.

#### ARTICLE 4 MANAGEMENT AUTHORITY

4.1 Authority. Manager's authority is expressly limited to the provisions contained herein as they may be amended in writing from time to time in accordance with the provisions of this Agreement. Owner expressly withholds from Manager any power or authority to make any structural change in the Project or to make any other major alterations or additions in or to the Project or fixtures or equipment therein, or to incur any expense chargeable to Owner other than expenses related to exercising the express powers granted to Manager by the terms of this Agreement without the prior written consent of Owner.

4.2 Delegation of Duties. Manager shall have the right to engage independent contractors for performance of such of its duties hereunder as Manager deems necessary, but Manager shall have the responsibility for supervision of the performance of such duties. All contracts with independent contractors shall be subject to the approval of Owner.

4.3 Compliance with Law. Manager shall comply fully with all federal, state, county, municipal and special district laws, ordinances, rules, regulations and orders relative to the leasing, use, operation, repair and maintenance of the Project. Manager shall remedy promptly any violation of any such law, ordinance, rule, regulation or other which comes to its attention and shall notify Owner by the end of the next business day after Manager becomes aware of any violation for which Owner may be subject to penalty.

#### ARTICLE 5 INSURANCE AND INDEMNIFICATION

5.1 Liability of Manager. Except as expressly provided to the contrary herein, the obligations and duties of Manager under this Agreement shall be performed as agent of Owner, but Manager shall be personally liable for its breaches of this Agreement and for damages and costs (including reasonable attorney's fees) resulting from Manager's gross negligence or willful misconduct. All expenses incurred by Manager in accordance with its obligations and duties under this Agreement and consistent with Owner's approved operating budget, except those due to its breaches of this Agreement or negligence or willful misconduct and those expressly specified as Manager's expenses herein, shall be for the account of and on behalf of Owner.

5.2 Insurance. Manager shall obtain and keep in force such forms and amount of insurance requested by Owner as necessary under the Requirements with insurance companies satisfactory to Owner, including but not limited to insurance against physical damage (e.g., fire and extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of any part of the Project. Manager shall be named as an additional insured while acting as real estate manager for Owner in all liability insurance maintained with respect to the Project. Manager shall investigate and promptly furnish to Owner full written reports of all accidents, claims and potential claims for damages relating to the Project, and shall cooperate fully with Owner's insurers, regardless of whether the insurance was arranged by Manager or others. Manager shall provide a copy of such insurance policies to Owner and, to the extent required under the Loan Documents, to the lenders.

5.3 Cooperation. Manager shall furnish whatever readily available information is requested by Owner for the purpose of obtaining insurance coverage and shall aid and cooperate in every reasonable way with respect to such insurance and any loss thereunder.

5.4 Manager's Insurance. At all times during the term of this Agreement, Manager shall maintain insurance in full force and effect, with a responsible insurance company reasonably satisfactory to Owner and to Owner's Lenders, and shall furnish Owner with a certificate of insurance evidencing workers' compensation insurance, in such amounts as may be required by law from time to time. Such certificate shall have attached thereto endorsements that Owner shall be given at least thirty days' prior written notice of cancellation of or any material change in policy. Owner shall not reimburse Manager for Manager's cost of such insurance, or for any other coverage that Manager obtains to protect its own interests.

5.5 Subcontractor's Insurance. Manager shall require that all subcontractors working on the Project maintain, at the subcontractor's expense, contractor's license, bond and worker's compensation insurance, in such amounts as may be required by law from time to time. Manager shall be notified promptly in the event Owner waives any of the requirements in this Section 5.5.

5.6 Indemnification of Owner. To the extent permitted by law, Manager agrees to defend, indemnify and save harmless Owner and its partners from all claims, investigations and suits, with respect to (i) any alleged or actual violation of state or federal labor or other laws pertaining to employees, it being expressly agreed and understood that as between Owner and Manager, all persons employed in connection with the premises are employees of Manager, not Owner; or (ii) Manager's breach of this Agreement or its gross negligence or willful misconduct. Manager shall at all times keep its employees and contractors insured for statutory workers' compensation and other employee benefits required by all applicable laws, and Manager shall maintain employer's liability insurance for an amount not less than \$1,000,000.00 covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers' compensation insurance. Owner and its partners shall be protected in all such insurance by specific inclusion of Owner under an additional insured or alternate employer rider. Manager shall provide Owner with a certificate of insurance evidencing that workers'

compensation and employer's liability insurance is in force and providing not less than ten (10) days' notice to Owner prior to cancellation.

5.7 Indemnification of Manager. To the extent permitted by law, Owner agrees to defend, indemnify and save harmless Manager from all claims and suits in connection with the Project provided that such claims and suits are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, and such claims and suits arise, or are alleged to arise, in whole or in part out of any negligent act or omission of Owner, its officers, employees or agents. Owner agrees to include Manager as an additional insured in Owner's public liability policy with respect to the Project, but only while Manager is acting as real estate manager for Owner under this Agreement. Owner shall provide Manager with a certificate of insurance evidencing such liability insurance and providing not less than ten (10) days' notice to Manager prior to cancellation.

5.8 Survival of Indemnity Obligations. The indemnity obligations contained in this Agreement shall survive the termination of this Agreement.

## ARTICLE 6 OWNER'S RIGHT TO AUDIT

6.1 Owner's Right to Audit. Owner reserves the right to conduct or to appoint others to conduct examinations, at Owner's expense, without notification, of the books and records maintained for Owner by Manager and to perform any and all additional audit tests relating to Manager's activities hereunder. Upon Owner's request, Manager shall provide Owner with a copy of any audit of Manager's business.

6.2 Correction of Discrepancies. Should Owner's employees or appointees discover either weaknesses in internal control or errors in record keeping, Manager shall correct such discrepancies either upon discovery or within a reasonable period of time. Manager shall inform Owner in writing of the action taken to correct such audit discrepancies.

## ARTICLE 7 REMITTANCE OF FUNDS

7.1 Deposit of Funds. Manager shall deposit immediately upon receipt all security deposits in a separate account designated as such by the Manager for Owner (the "Security Deposit Account") and shall deposit all rents and other funds collected from the operation of the Project, including any and all advance funds, in a bank approved by Owner, in Owner's account for the Project in the name of: Jacob's Lane Limited Partnership ("Operating Account").

7.2 Security Deposits. Manager shall maintain detailed records of all security deposits and such records shall be open for inspection by Owner's employees or appointees. Manager shall obtain Owner's written approval prior to the return of such security deposit to any particular Tenant when the amount of such return, in any single instance, exceeds \$250.00, and is

not part of an ordinary refund of a security deposit to a Tenant upon a Tenant's vacating a unit in a voluntary move and leaving the unit in satisfactory condition.

7.3 Expenditures. Unless otherwise specified, any disbursements made by Manager pursuant to this Agreement shall be made out of the Operating Account. Owner agrees to make necessary operating funds available to Manager. Manager shall not be obligated to make any advance to the Operating Account or to pay any amount except out of funds in the Operating Account, nor shall Manager be obligated to incur any extraordinary liability or obligation unless Owner shall furnish Manager with the necessary funds for the discharge thereof. If Manager shall voluntarily advance any amount of its own funds on behalf of Owner for the payment of any obligation or necessary expense connected with the maintenance or operation of the Project or otherwise, Owner shall reimburse Manager therefor within a reasonable time after demand.

#### ARTICLE 8 COMPENSATION

The Manager will be compensated for its services under this agreement by monthly fees, to be paid out of the Operating Account and treated as Project expenses. Such fees will be payable on the first day of each month of the Agreement. Each such monthly fee will be a sum equal to 7.69% of net rental income for the preceding month through the date of termination of this Agreement.

#### ARTICLE 9 TERMINATION

9.1 Sale of Property. This Agreement shall be terminated automatically and immediately upon destruction, condemnation, sale, exchange or other disposition (excluding any mortgage or refinancing) of the Project by Owner.

9.2 Other Termination. This Agreement may be terminated by Owner at any time, with or without cause, by giving thirty (30) days' written notice of intent to terminate to the Manager. Manager may terminate this Agreement by giving thirty (30) days' written notice if Owner does not make available sufficient funds to maintain the Project in compliance with applicable building codes. This Agreement will also terminate by mutual written consent of Manager and Owner or upon the occurrence of any of the following circumstances which shall be considered a default.

(a) The filing of a voluntary petition of bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either Owner or Manager.

(b) The consent to an involuntary petition in bankruptcy or the failure by either Owner or Manager to vacate within ninety (90) days from the date of entry thereof any order approving an involuntary petition.

(c) The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either Owner or Manager a bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for a period of one hundred twenty (120) consecutive days.

(d) The failure of Manager to perform, keep or fulfill any of its duties hereunder or to comply with the covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of any such default for a period of thirty (30) days after notice of such failure (except in the event of Manager's willful misconduct, in which case no notice shall be required).

Upon any such event of default, the non-defaulting party may, without prejudice to any other recourse at law which it may have, give to the defaulting party notice of its intention to terminate this Agreement and the term of this Agreement shall expire.

Within five (5) days after the termination of this Agreement, Manager shall close all accounts and pay the balances or assign all certificates of deposit regarding the Project to Owner. Within ten (10) days after the termination of this Agreement, Manager shall deliver to Owner all plans and surveys of the Project in its possession and all books and records, keys, reports, files, leases, contracts, and all other written material and property concerning the Project. Within thirty (30) days after the termination of this Agreement, Manager shall submit to Owner all reports required under Section 3.14 hereof to the date of such termination, and Manager and Owner shall account to each other with respect to all matters outstanding as of the date of termination. Upon Owner's request, Manager shall assign to Owner all contracts requested by Owner concerning the Project, to the extent permitted by such contracts, and shall cooperate (at no expense to Manager) with Owner in connection with the transition to a new manager.

9.3 Final Accounting. Upon termination of this Agreement for any reason, Manager shall deliver to Owner immediately upon termination (or upon Manager's subsequent receipt or acquisition) the following with respect to the Project:

(a) Any Tenant security deposits or other monies belonging to Owner held by Manager on Owner's behalf; and

(b) All records, contracts, leases, receipts for deposits, unpaid bills and other papers or documents relating to the Project.

#### ARTICLE 10 COOPERATION

If any claims, demands, suits or other legal proceedings which arise out of any of the matters relating to this Agreement be made or instituted by any person against either Owner or Manager, Owner or Manager shall give to each other all pertinent information and reasonable assistance in the defense or other disposition thereof, at its sole expense.

BOOK 160 PAGE 1938  
ARTICLE 11  
CONSENT

Whenever in this Agreement the consent or approval of Manager or Owner is required such consent or approval shall not be unreasonably withheld or delayed. Such consent shall be in writing and shall be duly executed by an authorized officer or agent for the party granting such consent or approval; provided, however, notwithstanding anything in this Agreement to the contrary, if such consent or approval would be required for Manager to comply with the Requirements, Manager shall not be responsible for a failure to comply with the Requirements as a result of Owner's refusal or unreasonable delay to so consent or approve.

ARTICLE 12  
NOTICES

All notices, demands, consents and reports provided for in this Agreement shall be given in writing and shall be deemed received by the addressee on the third day after mailing if mailed by United States certified or registered mail, postage prepaid, or on the day delivered if personally delivered at the following addresses:

If to Owner:

Jacob's Lane Limited Partnership  
c/o Housing Authority and Community Services  
Agency of Lane County  
Attention: James R. McCoy  
177 Day Island Road  
Eugene, Oregon 97401

If to Manager:

Housing Authority and Community Services  
Agency of Lane County  
177 Day Island Road  
Eugene, Oregon 97401  
Attention: James R. McCoy

The above addresses may be changed by the appropriate party giving written notice of such change to the other parties.

ARTICLE 13  
MISCELLANEOUS

13.1 Assignment. Manager shall not assign its rights under this Agreement without the prior written consent of Owner and any purported assignment without Owner's prior written consent shall be of no effect.

13.2 Special Power of Attorney. Owner authorizes Manager as attorney-in-fact for Owner to enter into and execute Leases and rental agreements with respect to the Project on forms approved by Owner, to collect rents and other funds due Owner in Manager's name on Owner's behalf, and to establish and make deposits into and withdrawals from the Security Deposit Account and the Operating Account in accordance with the terms of this Agreement.

13.3 Amendments. This Agreement constitutes the entire Agreement between Manager and Owner and no amendment, alteration, modification or addition to this Agreement shall be valid or enforceable unless expressed in writing and signed by the party or parties to be bound thereby.

13.4 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provisions of this Agreement.

13.5 Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed as waiver of such terms and conditions on any future occasion.

13.6 Illegality. If any provision of this Agreement shall prove to be illegal, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

13.7 Relationship. Nothing contained in this Agreement shall be construed to create a relationship of employer and employee between Owner and Manager, it being the intent of the parties hereto that the relationship created hereby is that of an independent contractor. Nothing contained herein shall be deemed to constitute Owner and Manager as partners or joint venturers.

13.8 Binding Effect. This agreement shall be binding upon and inure to the benefit of Owner, its successors and permitted assigns, and shall be binding upon and inure to the benefit of Manager, its successors and its permitted assigns.

13.9 Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the State of Oregon.

13.10 Defined Terms. Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings as set forth in the First Amended and Restated Agreement of Limited Partnership of Jacob's Lane Limited Partnership (the "Partnership Agreement").

13.11 Enforceability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof. Owner's remedies under this Agreement are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. Owner or Manager may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violations of this Agreement or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

13.12 Execution of Counterparts. For the convenience of the parties, this Agreement may be executed in multiple counterparts, each of which shall constitute a complete original of this Agreement, which may be introduced in evidence or used for any other purpose without the production of any other counterparts.

13.13 Successors and Assigns. This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Manager and their respective successors and assigns; provided, however, that Manager shall not assign this Agreement, or any of its duties hereunder, without the prior written consent of Owner. In the event Owner's current general partner or any successor general partner of Owner is removed as general partner in accordance with the Partnership Agreement, any successor general partner selected in accordance with such Partnership Agreement shall have authority to act hereunder on behalf of Owner.

13.14 Nondiscrimination. In the performance of its obligations under this Agreement, Manager shall comply with the provisions of all federal, state, and local laws prohibiting discrimination in housing and employment, and shall not discriminate against any person on the basis of race, color, creed, sex, familial status, disability, marital status, sexual orientation or national origin.

13.15 Social Services Programs. Manager will cooperate with and support any and all resident assistance programs approved by the Owner and operated at the Project. Manager will be informed as required by the Owner of the specifics of any such programs, and oriented in how best to cooperate and support.

*[Signatures appear on the following page]*

IN WITNESS WHEREOF, the parties have executed this Property Management Agreement as of the date first above written.

OWNER

JACOB'S LANE LIMITED PARTNERSHIP, an Oregon limited partnership

ATTEST:

By: Housing Authority and Community Services Agency of Lane County, General Partner

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MANAGER:

HOUSING AUTHORITY AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

ATTEST:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
TO  
PROPERTY MANAGEMENT AGREEMENT

Legal Description  
(Jacob's Lane)

Tax lot number: 17-03-17-11-00800

Beginning at a point 924.57 feet North 0° 20' 45" West of a point on the claim line that is 650.60 feet North 89° 56' 50" East of the Southwest corner of the Joseph Ogle Donation Land Claim No. 43 in Township 17 South, Range 4 West of the Willamette Meridian; and run thence North 68° 26' 50" West 278.97 feet to a point of curve; thence along a 70.00 foot radius curve to the right having a central angle of 67° 57' 50", an arc length of 83.03 feet by a long chord that bears North 34° 27' 55" West 78.26 feet to the ending point of curve; thence North 0° 29' West 585.08 feet to a point; thence North 89° 56' 50" East 304.16 feet to a point; thence South 0° 20' 45" East 752.37 feet to the point of beginning, being all in said Ogle Claim, Lane County, Oregon.

The property is free from all encumbrances except:

Transmission line easement granted to the United State of America, by instrument recorded July 16, 1940, in Book 206, Page 136, and recorded January 7, 1942, in Book 226, Page 240, recorded May 5, 1948, in Book 372, Page 423, and also recorded September 23, 1952, Reception No. 85730, Lane County Oregon Deeds Records. (Across Southeast corner)

PROPERTY LOCATION: Property is located in west Eugene at Jacobs and Fairfield Streets, Eugene, Oregon. Property covers approximately 4.75 acres.

EXHIBIT B  
TO  
PROPERTY MANAGEMENT AGREEMENT

Leasing Guidelines

A. Screening Process

1. Application. Each prospective Tenant must complete and sign a written application for lease, containing detailed personal information, previous residences and landlords for several years, information on employment, income, assets, and credit, proposed occupants (including ages) and pets, and references, and containing such other information and statements as will enable Manager to screen the prospective Tenant or as is otherwise proper and advisable for the management of the Project in accordance with professional standards.

2. Interview. Manager shall interview each proposed adult occupant of the housing unit to be leased in order to help determine the character of such persons.

3. Employment. Manager shall verify the employment and income information given by the prospective Tenant.

4. Credit. Manager shall have conducted a responsible credit agency check of the prospective Tenant, and shall personally check with one or more of the Tenant's previous landlords, if possible, with respect to past rent payment history.

5. Housekeeping. If possible, Manager shall check with one or more previous landlords of the proposed Tenant and other occupants with respect to their ability to maintain an apartment in good condition and to abide by building rules. If verbal information is vague or questionable, Manager shall visit the proposed occupants' present residence(s).

6. Other. If advisable, Manager shall check other references and perform other screening of the proposed Tenant.

7. Approval. Manager shall approve the proposed Tenant's lease application only if, in Manager's best professional judgment, the proposed Tenant is qualified to pay rent when due and all proposed occupants are likely to maintain properly the dwelling unit, abide by reasonable rules, and otherwise be suitable occupants of the Project. Also, without Owner's prior written consent, Manager shall not approve any lease application unless the Tenant and other proposed occupants meet the rental guidelines contained in the Requirements.

B. Lease

1. Application. Prior to leasing any dwelling unit, Manager shall have screened the prospective Tenant and all other proposed occupants in accordance with Section A hereof, and shall have approved the lease application as described above.

2. Lease Form. In leasing dwelling units, Manager shall use only the form of lease approved in writing by Owner from time to time, without material changes unless approved in writing by Owner.

3. Approved Rent. Manager shall not lease any dwelling unit for a rental amount other than as specified in the rent schedule included as part of Owner's approved operating budget or otherwise approved by Owner in writing.

4. Security Deposit. Manager shall require not less than one (1) month's security deposit, and shall require such greater amount as circumstances warrant, but not more than the maximum allowed by law. Manager shall also, if advisable, collect a key deposit, subject to applicable law.

5. Named Tenant; Occupants, Pets. Each adult occupant of the dwelling unit shall be named as Tenant in the Lease, and shall be jointly and severally liable for rental payments. The Lease shall specify all other permitted occupants and pets, and it shall be a default if any non-permitted occupant resides in the dwelling units.

6. Term. Each Lease shall be for a term of at least six (6) months.

7. Substitution of Unit. In the event rehabilitation or other plans for the Project will require that the housing unit to be leased to the Tenant be vacated or made available to another Tenant during any portion of the Lease term, the Lease shall contain a provision for substitution of another dwelling unit and relocation of the Tenant.

8. Certain Lease Provisions. The form of lease to be approved by Owner shall contain detailed provisions concerning the following matters of practical importance, including, but not limited to:

a. Condition of Unit. Acknowledgment of the condition of the dwelling unit as described in a unit inspection report.

b. Default Charges. Tenant's liability for the following default charges: late rent payment charges; returned check charges; lost keys; damage to the dwelling unit or the Project not caused by ordinary wear and tear; missing property, fixtures or equipment; and costs of rent collection and eviction.

c. Security Deposit. Procedures concerning deductions from and return of security deposit, with interest to the extent required by law, and any key deposit.

d. Utilities and Other Charges. Tenant's responsibilities concerning utility services to the dwelling unit, other services to the dwelling unit, other services provided by Owner or Manager, and any parking or other charges.

e. Maintenance. Maintenance duties of Tenant and of Owner, respectively, separately listed.

f. Alterations. Requirement of Owner's or Manager's consent to alterations of the dwelling unit, listing examples, and to charges of keys and locks.

g. Use Restrictions. Restrictions on Tenant's use of the dwelling units, including hazards, noise, nuisance, etc.

h. Changes. Tenant's obligation to report changes in Tenant's household, employment status or income.

i. Rules. Tenant's and all other occupants' obligation to comply with any rules and regulations issued by Owner or Manager. A copy of any such rules shall be attached to the Lease.

j. Other. Other provisions customarily included in apartment leases or advisable for the Project, and all provisions necessary to comply with the requirements.

k. Attachments. Acknowledgment of Tenant of any attachments to the Lease.

9. Execution. Manager shall execute each Lease as agent for Owner.

PARTNERSHIP MANAGEMENT SERVICES AGREEMENT

THIS PARTNERSHIP MANAGEMENT SERVICES AGREEMENT is made effective as of the \_\_\_ day of ~~June~~<sup>July</sup>, 1998, by and between Jacob's Lane Limited Partnership, an Oregon limited partnership (the "Partnership"), and Housing Authority and Community Services Agency of Lane County, a public corporation of the State of Oregon (the "Manager").

RECITALS

A. The Partnership was formed for the purpose of acquiring, constructing, owning, operating and leasing a low income housing project which contains 63 residential units located in Eugene, Oregon (the "Project").

B. The Partnership desires that the Manager provide certain management and advisory services with respect to the business and administrative affairs of the Partnership.

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

1. Appointment and Term. The Partnership hereby retains the Manager to render services in managing the business of the Partnership as herein contemplated. The term of this Agreement shall begin on the date of this Agreement and shall end on December 31, 2015, unless earlier terminated by the Partnership; provided, however, that this Agreement shall terminate if the Manager is no longer the sole General Partner of the Partnership.

2. Authority and Obligations. Subject to the provisions of the First Amended and Restated Agreement of Limited Partnership of the Partnership (the "Partnership Agreement"), the Manager shall have the authority and obligation to:

- (i) provide for the use of Partnership funds including the performance of certain economic and statistical analyses, projections, reports and recommendations as it may deem necessary or desirable with respect to the business of the Partnership;
- (ii) provide office space, support staff and administrative services as required by the Partnership;
- (iii) administer, manage, and direct the business of the Partnership and take such further action as it may deem necessary or desirable to further the interest of the Partnership;
- (iv) monitor the management and day-to-day operations of the Project;

- (v) investigate and make recommendations with respect to the selection of and conduct of relations with consultants and technical advisors (including, without limitation, accountants, attorneys, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents and banks), and persons acting in any other capacity, in connection with the management and administration of the Partnership;
- (vi) maintain the books and records of the Partnership in accordance with sound federal income tax accounting principles;
- (vii) be responsible for the safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts; and
- (viii) furnish all persons or entities who or which were Partners of the Partnership at any time during the Partnership's prior fiscal year such reports (including such reports as are required by the lenders of the Mortgage Loans), tax returns and financial statements as are required under Article XIII of the Partnership Agreement.

3. Fees. For management services performed under this Agreement, the Partnership shall pay the Manager:

(i) \$2,917 in 1999, \$3,000 in 2000 and thereafter in an annual amount equal to the previous year's fee and increased at the rate of four percent (4%) per annum through the date of the termination of this Agreement; provided, however, that such fee shall be paid only to the extent the Partnership has cash from operations remaining after payment of all other Partnership operating expenses and fees (including the property management fees, but not including the incentive management fee below), debt service on the Mortgage Notes, and the funding of replacement reserves in accordance with the Partnership Agreement. Any portion of the fee that is not paid in any year shall accrue and be payable out of the next available Net Cash Flow.

(ii) an annual fee of up to fifty percent (50%) of Net Cash Flow of the Partnership not to exceed \$15,000; provided, however, that such fee shall be paid only to the extent the Partnership has available Net Cash Flow after payment of all other operating expenses and fees, debt service on the Mortgage Notes, and the funding of replacement reserves in accordance with the Partnership Agreement.

4. Partnership Agreement. This Agreement shall be subject to the terms and conditions of the Partnership Agreement.

5. Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the consent of the other party.

6. Severability of Provisions. Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

7. No Continuing Waiver. The waiver of either party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

8. Defined Terms. Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

9. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

10. Binding Agreement. This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

11. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

12. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine and neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

13. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Property Management Services Agreement as of the date first written above.

JACOB'S LANE LIMITED PARTNERSHIP

ATTEST:

By: Housing Authority and Community Services Agency of Lane County, General Partner

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Signatures continued on the following page]*

ATTEST:

HOUSING AUTHORITY AND COMMUNITY  
SERVICES AGENCY OF LANE COUNTY

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*[Signatures continued from the previous page]*

UNCONDITIONAL CONSTRUCTION COMPLETION GUARANTY AGREEMENT

FOR VALUE RECEIVED, and to induce (i) ENTERPRISE HOUSING PARTNERS VII LIMITED PARTNERSHIP, a Maryland limited partnership, (ii) WAMU AFFORDABLE HOUSING FUND LIMITED PARTNERSHIP, a Delaware limited partnership, and (iii) BANK OF AMERICA HOUSING FUND LIMITED PARTNERSHIP, a District of Columbia limited partnership, to each become a Limited Partner of JACOB'S LANE LIMITED PARTNERSHIP, an Oregon limited partnership (the "Partnership"), by entering into a First Amended and Restated Agreement of Limited Partnership of Jacob's Lane Limited Partnership (the "Partnership Agreement"), and to induce the Partnership to obtain financing for the construction of a project located in Eugene, Oregon, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, Housing Authority and Community Services Agency of Lane County referred to as "Guarantor," hereby undertakes, guarantees, and agrees as follows:

1. Guarantor hereby absolutely and unconditionally guarantees the due and punctual construction and completion of the construction (the "Work") of the Project in accordance with the terms and requirements of the Partnership Agreement, the Loan Documents and the Project Documents, free and clear of any liens or claims of liens (except for the liens specifically permitted by the Partnership Agreement, the Loan Documents, and the Project Documents), in the manner and within the time necessary to comply with all of the terms, covenants, and conditions of the Partnership Agreement, the Loan Documents, and the Project Documents, including all future amendments thereto. Should the cost of completion of the Work exceed the amounts available therefor in loan proceeds and Partnership funds, or should any liens be filed against the Partnership Property or the Project (except for liens specifically permitted by the Partnership Agreement, the Loan Documents, and the Project Documents) prior to completion of or in connection with the Work, Guarantor hereby absolutely and unconditionally guarantees the prompt, absolute, and unconditional payment of such sums necessary to complete the Work and discharge such liens. All sums due and payable hereunder by Guarantor shall be payable on demand of the Partnership.

2. It is expressly understood and agreed that this is a continuing guaranty and that the obligations of Guarantor hereunder are and shall be absolute under any and all circumstances, without regard to the validity, regularity, or enforceability of the Partnership Agreement, the Loan Documents, the Project Documents, or any other instruments executed in connection therewith.

3. To the extent permitted by law, Guarantor hereby waives notice of the acceptance hereof, presentment, demand for payment, protest, notice of protest, and any and all notices of non-payment, non-performance, and non-observance, and other proof, and notice of demand, and Guarantor hereby waives all suretyship defenses and defenses in the nature thereof.

4. Guarantor further agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, or impaired (a) by reason of the

assertion by the Partnership or any Partner thereof of any rights or remedies under or with respect to the Partnership Agreement, or any other instruments executed in connection therewith, against any Person obligated thereunder, (b) by reason of any failure to exercise, or delay in exercising, any such right or remedy or any right or remedy hereunder or in respect to this Guaranty, or (c) by reason of the adjudication in bankruptcy of this Guaranty or any Guarantor hereunder, any Person obligated under the Partnership Agreement, or the filing of a petition for any relief under any federal, state, or local bankruptcy law by any such Person.

5. Guarantor further covenants that this Guaranty shall remain and continue in full force and effect as to any assignment, modification, extension, or renewal of the Loan Documents, the Project Documents or the release or exchange of any property covered by the Loan Documents or other collateral for any of the Mortgage Notes, and notwithstanding any amendment of the Partnership Agreement or transfer of the Interest of any Partner thereunder, and that indulgences or forbearance may be granted under any or all of such documents, all of which may be made, done, or suffered without notice to or further consent of Guarantor.

6. Guarantor hereby agrees that this is a Guaranty of payment, not collection, and that this Guaranty may be enforced by the Partnership or any Partner thereof against Guarantor without first resorting to or exhausting any other right or remedy; provided, however, that nothing herein contained shall prevent the Partnership or any Partner from suing to enforce the provisions of the Partnership Agreement or from exercising any rights thereunder.

7. Guarantor agrees that, in the event this Guaranty is placed in the hands of an attorney for enforcement, Guarantor will reimburse the Partnership and the Partners seeking such enforcement for all expenses incurred in enforcing this Guaranty, including reasonable attorneys' fees (whether or not suit is brought hereon) and all such expenses incurred in connection with any trial, appeal, arbitration, or bankruptcy proceedings.

8. This Guaranty shall be binding upon Guarantor, its successors and assigns, and shall inure to the benefit of the Partnership, the Partners thereof, and their respective successors and assigns.

9. If Guarantor shall fail or refuse to perform or continue performance of all of Guarantor's obligations under this Guaranty, then the Partnership and/or the Partners thereof shall, at their option, have the right to take all necessary action to complete the Work in accordance with the terms of the Partnership Agreement, the Loan Documents, and the Project Documents to discharge any liens filed against the Project or the land underlying the Project and to take any other actions necessary or advisable to cure the Guarantor's default hereunder, either before or after the exercise of any other remedy. The amounts of any and all expenditures and advances so made by the Partnership or any Partner shall be due and payable by Guarantor immediately upon the incurring or advancement thereof and, if not then paid, shall bear interest at two percent (2%) above the prime rate then in effect at Citibank, N.A.

10. This Guaranty shall terminate three (3) months after the last to occur of the following:

- a) A final certificate of occupancy is issued for all buildings in the Project following the initial construction of the Project;
- b) Final payment is made under the Construction Contract, and the contractor acknowledges in writing that the contractor and all subcontractors have been paid in full and have no further claims under the Construction Contract; and
- c) The statutory period within which the contractor and any subcontractors under the Construction Contract may file liens against the Partnership Property or the Project has expired.

Notwithstanding the foregoing, at any time within three (3) months after the termination of this Guaranty as provided in this Paragraph 10, the Partnership or any Partner thereof may give written notice (the "Guaranty Notice") to Guarantor of any outstanding or disputed amount due to any third party which relates to the initial rehabilitation and construction of the Project and may reserve its rights hereunder with respect to such outstanding amount. In the event the Partnership or any Partner thereof gives such Guaranty Notice to the Guarantor, this Guaranty shall survive to the extent of the matters described in such Guaranty Notice and until such matters have been fully paid or resolved to the satisfaction of the Partnership and the Partners which gave such notice.

11. All capitalized terms not defined herein shall have the meaning as defined in the Partnership Agreement.

12. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

13. Each provision of this Guaranty shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of this Guaranty is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Guaranty that are valid.

14. Notice to the parties hereto shall be given in the manner and (where applicable) to the addresses specified in the Partnership Agreement, as the same may be amended from time to time by Notice to the parties hereto. Notices to the Partnership shall be sent in care of the General Partner of the Partnership. Notices to Guarantor shall be sent to:

Housing Authority and Community Services Agency of Lane County  
177 Day Island Road  
Eugene, Oregon 97401

15. This Guaranty shall be governed, construed, and interpreted as to validity and enforcement and in all other respects in accordance with the laws of the State of Oregon and cannot be modified, amended, or terminated orally.

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty this \_\_\_\_ day of June, 1998.

HOUSING AUTHORITY AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_)  
\_\_\_\_\_)

On the \_\_\_\_ day of June, 1998, before me came \_\_\_\_\_, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that (s)he is the \_\_\_\_\_ of Housing Authority and Community Services Agency of Lane County, and that (s)he executed the same as the act and deed of said corporation.

\_\_\_\_\_  
Notary Public

(Notarial Seal)

My commission expires:  
\_\_\_\_\_

BOOK 160 PAGE 1954  
RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT (this "Agreement"), dated and effective as of the \_\_\_\_ day of ~~June~~<sup>July</sup>, 1998, is made by and between Jacob's Lane Limited Partnership, an Oregon limited partnership (the "Partnership"), and Housing Authority and Community Services Agency of Lane County, a public corporation of the State of Oregon ("Purchaser").

**RECITALS**

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a sixty-three (63) unit residential project in ~~one (1)~~<sup>twenty-five (25)</sup> buildings located on one site in Eugene, Oregon (the "Project"). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership in the form to which this Agreement is attached as an Exhibit (the "Partnership Agreement").

The Partnership desires to give, grant, bargain, sell, and convey to Purchaser certain rights to purchase the Property on the terms and subject to the conditions set forth herein.

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

1. **Right of First Refusal.** After the end of the Compliance Period, the Partnership will not sell the Project or any portion thereof to any Person without first offering the Project for a period of forty-five (45) days to Purchaser (if it then qualifies as an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code) (the "Buyout"), at a price (the "Buyout Price") equal to the sum of (i) the principal amount of all outstanding indebtedness secured by the Project, all other loans from the General Partner or its Affiliates, and any accrued interest on any of such debts, (ii) all federal, State, and local taxes attributable to such sale, including those incurred or to be incurred by the partners of the Limited Partner, and (iii) an amount, if any, required to provide the Limited Partner with the Total Benefits from the Partnership equal to the Projected Total Benefits described in Article VII(2)(a)(ii) of the Partnership Agreement as of the date of closing; *provided, however*, that such right of first refusal shall be conditioned upon an agreement by Purchaser to maintain the Project for low-income use for at least fifteen (15) years after the later of the end of the Extended Use Period under Section 42 of the Code or the date of the buyout; *provided, further*, that such restriction shall be recorded in the real property records as a restriction against the Partnership Property. All costs of the Buyout including any filing fees, shall be paid by Purchaser. In the event that Purchaser does not purchase the Partnership Property on the terms set forth above, then the right of first refusal granted herein shall lapse.

2. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement.

3. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party.

4. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

5. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

6. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

7. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

8. **Binding Agreement.** This Agreement shall be binding on the parties hereto, and their heirs, stockholders, officers, directors, partners, executors, personal representatives, successors and assigns.

9. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

10. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

11. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

*[signatures appear on the following page]*

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal Agreement as of the date first above written.

JACOB'S LANE LIMITED PARTNERSHIP

ATTEST:

By: Housing Authority and Community  
Services Agency of Lane County,  
General Partner

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

HOUSING AUTHORITY AND COMMUNITY  
SERVICES AGENCY OF LANE COUNTY

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_