

Community Land Trust

Homeownership

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Reference Guide to Costs

These costs begin to take place once you are in contract on the home with additional considerations that carry beyond the closing date. Remember they are separate from, but in addition to the down payment.

Earnest Money is deposited at the Title Company within 1-3 Days of accepted contract. The amount can range from \$1000 to 1% of purchase price. Earnest money is essentially a deposit that shows the seller you are serious about moving forward with the purchase.

Home Inspection is typically completed within 10 days of contract. The cost can range from \$500 to \$700 for standard inspections and increase for additional services. A home inspection provides you information about the condition of the home and is a tool for future maintenance planning.

Home Appraisal is usually scheduled through the lender and paid within 14 days of contract. Cost can range from \$850-\$950. The appraisal assess the value of the property.

Attorney Document Review must take place before closing and cost ranges from \$200-\$400. An attorney will review Community Land Trust documents to ensure understanding of Community Land Trust Homeownership, rights and responsibilities.

Property Taxes The homeowner is responsible for property taxes however it takes approximately 2 years for a property assessment to be completed and the amount established.

Land Lease Fee is paid monthly and is approximately \$125-\$150. A portion of the fee is reserved for future home maintenance as well as community space expenses.



DEVELOPING THRIVING COMMUNITIES

CLT Lender Referral Partners

John Martinez

Unitus CCU
971-506-8053
jmartinez@unitusmortgage.com

Kelley Fifarek

Banner Bank
541-334-5882
kfifarek@bannerbank.com

Alan Martin

Kind Lending
541- 337-1106
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CMG Home Loans
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Umpqua Bank
541-973-4547
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Evelle Cleary

Central Willamette Credit Union
541-704-4717
ecleary@centralwcu.org

Becky Gerrard

US Bank
541-673-2833
becky.gerrard@usbank.com

devNW.org



212 Main Street
Springfield, OR 97477

257 SW Madison Avenue #200
Corvallis, OR 97333

437 Union Street NE
Salem, OR 97301

421 High Street, Suite 110
Oregon City, OR 97045

Income Limit : 80% AMI

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Eugene-Springfield, OR MSA	\$89,100	Very Low (50%) Income Limits (\$) Click for More Detail	31,200	35,650	40,100	44,550	48,150	51,700	55,250	58,850
		Extremely Low Income Limits (\$)* Click for More Detail	18,750	21,400	25,820	31,200	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	49,950	57,050	64,200	71,300	77,050	82,750	88,450	94,150
FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Corvallis, OR MSA	\$109,800	Very Low (50%) Income Limits (\$) Click for More Detail	37,800	43,200	48,600	54,000	58,350	62,650	66,950	71,300
		Extremely Low Income Limits (\$)* Click for More Detail	22,700	25,950	29,200	32,400	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	60,500	69,100	77,750	86,400	93,300	100,250	107,150	114,050
FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Salem, OR MSA	\$91,300	Very Low (50%) Income Limits (\$) Click for More Detail	32,000	36,550	41,100	45,650	49,350	53,000	56,650	60,300
		Extremely Low Income Limits (\$)* Click for More Detail	19,200	21,950	25,820	31,200	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	51,150	58,450	65,750	73,050	78,900	84,750	90,600	96,450
FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Portland-Vancouver-Hillsboro, OR-WA MSA	\$116,900	Very Low (50%) Income Limits (\$) Click for More Detail	41,300	47,200	53,100	59,000	63,750	68,450	73,200	77,900
		Extremely Low Income Limits (\$)* Click for More Detail	24,800	28,350	31,900	35,400	38,250	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	66,100	75,550	85,000	94,400	102,000	109,550	117,100	124,650

GATHER YOUR PAPERWORK FOR PRE-APPROVAL

Loan Documentation Checklist

General Document

- ☐ Social Security card and drivers' licenses or passport

Documents to Support Income

- ☐ The name, address, phone number of every employer you have worked for in the last two years
- ☐ Most recent two months' pay stub
- ☐ W2's and complete Federal Income tax returns for the last two years

Evidence of All Other Income, Including:

- ☐ Child support payments
- ☐ Pension payments
- ☐ Seasonal employment income
- ☐ Government assistance
- ☐ Social Security benefits

Documents to Support History of Consistently Paying Housing Expenses

- ☐ Provide the name and phone numbers of your landlords over the past 24 months

Documents to Support Savings and Recent Bank Activity

- ☐ Savings account statement (most recent 60-90 days)
- ☐ Check account statement (most recent 60-90 days)
- ☐ Brokerage statements (Stocks, 401k, IRAs, etc.), (most recent 60-90 days)

Documents to Support Current Debts

- ☐ After reviewing your credit report, if not all of your debts are shown, for each missing creditor with whom you have an outstanding debt list each debt's name, address, account number, balance and monthly payment

Documents to Explain Irregularities

- ☐ Letter of explanation for any derogatory credit item
- ☐ Letter of explanation for any gaps in employment within the past two years
- ☐ Chapter 7 or Chapter 13 bankruptcy complete filing package including discharge papers and list of creditors (Schedule F)

Other

- ☐ Veteran's DD-214 and certificate of eligibility
- ☐ Copies of divorce decree and marital settlement agreement

Source: "Realizing the American Dream" NeighborWorks America

First Time Home Buyer Savings Account

Link to program description:

<https://www.oregon.gov/DOR/programs/individuals/Pages/first-homebuyers.aspx>

Who's eligible?

Any Oregon resident who hasn't purchased or owned a single-family home, either individually or jointly, in the three years prior to the date of their planned purchase of a new home in Oregon.

What's the benefit?

As an individual, you may deduct up to \$5,000 from your Oregon taxable income for deposits and earnings in a First-Time Home Buyer Savings Account each year, for a maximum of 10 years. For those filing jointly, the deduction can be up to \$10,000 per year.

What are the requirements?

A First Time Home Buyer Savings Account can be opened anytime between January 1, 2019 through December 31, 2026. Money deposited in the First-time Home Buyer Savings Account must be used to buy a single-family home within 10 years of initially opening the account. If funds are not used to purchase a home, a five percent penalty may be imposed, and you will be required to add back to your income any amounts previously deducted.

What it covers?

Your savings account can be used to pay for your down payment, closing costs, REALTOR® fees, appraisal costs, and loan origination fees.

Where can you set up an account?

Any financial institution that offers First-time Home Buyers Savings Accounts in Oregon. Ask your financial institution if they participate.

Pacific NW Federal Credit Union: <https://www.pnwfcu.org/accounts/savings-money-market/>

Heritage Grove Federal Credit Union: <https://www.ourgrovecu.com/accounts/savings/>

Willamette Valley Bank: <https://www.willamettevalleybank.com/fthb-savings/>

Central Willamette Credit Union: <https://www.centralwcu.org/homebuyers-savings-FAQ>

Oregon State Credit Union: <https://www.oregonstatecu.com/first-time-homebuyer-savings-account>

Oregonians Credit Union: <https://www.oregonianscu.com/first-time-home/>

Consolidated Community Credit Union: <https://www.consolidatedccu.com/mortgage-savings>

If you come across any financial institutions offering this account but aren't included on this list please let us know!

Recorded by First American Title as a
courtesy only. No liability accepted for
condition of title or validity, sufficiency,
or effect of document.

Lane County Clerk
Lane County Deeds & Records

2020-048023

08/27/2020 02:12:06 PM

RPR-MASTFORMnt=1 Stn=1 CASHIER 05 50pages
\$250.00 \$11.00 \$10.00 \$61.00

\$332.00

WHEN RECORDED, PLEASE RETURN TO:

DevNW
212 Main Street
Springfield OR 97477

NO CHANGE IN TAX NOTICES.

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MASTER FORM LAND LEASE
Creating Affordable Housing Covenants
(Pursuant to ORS §§93.780 - 93.802 and 456.270 - .295)

Corvallis Neighborhood Housing Services, Inc., an Oregon nonprofit corporation, doing business as DevNW, whose address is 212 Main Street, Springfield, OR 97477, records this Master Form Land Lease creating affordable housing covenants as a master instrument so that DevNW may incorporate all or any of the provisions of this Master Form Land Lease by reference in subsequent instruments identified as "Short Form Land Lease" recorded in Lane County, Oregon pursuant to ORS §§ 93.780 – 93.802 and 456.270 - .295.

Upon review of this Master Form Land Lease and then the execution and recording of any Short Form Land Lease incorporating this Master Form Land Lease by reference pursuant to ORS §§ 93.780 – 93.802 and 456.270 - .295, the parties to the Short Form Land Lease may bind themselves to any or all of the provisions of this Master Form Land Lease. The provisions of the Master Form Land Lease shall apply to the real estate transaction documented by the Short Form Land Lease as if fully set forth therein.

SECTION 1. MASTER FORM CONTENTS

This Master Form Land Lease includes provisions of five documents any or all of which provisions the Short Form Land Lease may incorporate by reference. The five documents are set out in Section 2 through Section 5 of this Master Form Land Lease.

Section 2 is the current DevNW Land Lease ("DevNW Land Lease", "Land Lease", or "Lease"). The Short Form Land Lease will always incorporate it by reference.

Section 3 are the exhibits to the Land Lease ("Exhibits"). The Short Form Land Lease shall incorporate all of the Exhibits to the Land Lease by reference, but the Short Form Land Lease may modify some or all of Exhibits by the parties' completion (e.g., filling in blanks) for a specific real estate transaction. The modified Exhibits shall either be attached to the Short Form Land Lease or the Short Form Land Lease shall

specify the deviation from Exhibits in Section 3. A deviation includes an Exhibit which is completed by insertion of transaction-specific and real property-specific information in the Exhibit.

Section 4 is the current Community Land Trust Ground Lease Rider (Fannie Mae Form 2100 3/06 (rev. 12/10) ("Fannie Mae Rider") which may amend and supplement the Land Lease according to the Short Form Land Lease.

Section 5 is the current Community Land Trust Lease Rider For OHCS Single-Family Residential Mortgage Revenue Bond Loan ("OHCS Rider") which may amend and supplement the Land Lease according to the Short Form Land Lease.

Section 6 is the current Rider to Land Lease for Benefit of State of Oregon, Oregon Housing and Community Services ("OHCS") LIFT Program which may amend and supplement the Land Lease according to the Short Form Land Lease.

The Short Form Land Lease may incorporate all or any of the provisions of Section 4 or Section 5, but it shall not incorporate provisions from both Sections.

SECTION 2. DEVNW LAND LEASE

SHARED GOALS SUPPORTING LEASE.

A. DevNW is an Oregon nonprofit corporation organized for public benefit and charitable purposes including: the development and preservation of affordable housing for low and moderate-income people; providing homeownership opportunities for low and moderate-income people who would otherwise be unable to afford to own a home; the promotion of neighborhood stability and revitalization; and the promotion of financial stability and asset building for low and moderate income people.

B. DevNW creates and preserves affordable homeownership opportunities by leasing land to low and moderate-income homebuyers who purchase the homes on DevNW's land.

C. DevNW acquired the Land described in this Lease and is leasing it to Homeowner in furtherance of this goal.

D. Homeowner is a low- or moderate-income person or household who currently would not be able to purchase or maintain the Home on the Land without DevNW's assistance.

E. Homeowner and DevNW agree that the special nature of the terms of this Lease are necessary to achieve their shared goals, including the terms that restrict the use and transfer of the home and the use of the Land.

F. Homeowner and DevNW agree that the terms of this Lease, particularly the requirement on Homeowner to sell the Home only to low- or moderate-income persons at a limited sales price, further their shared goal that over an extended period of time and through a succession of owners only low- or moderate-income homebuyers will acquire homes on DevNW's land and they will acquire them at prices they can afford.

G. Homeowner shares the goals of DevNW and enters into this Lease not only to obtain the benefits of homeownership, but also to further the charitable goals of DevNW.

H. These shared goals supporting the Lease are part of the Lease.

DEFINITIONS. Homeowner and DevNW agree on the following:

Land: the land, legally described in Exhibit A: LAND AND HOME LEGALLY DEFINED, that DevNW owns and leases to Homeowner by this Lease.

Home: the residential structure and other permanent improvements located on the Land and owned by the Homeowner, including any building, house, or garage. "Home" includes the present improvements described in Exhibit A: LAND AND HOME LEGALLY DEFINED, and all permanent improvements Homeowner adds to the Land.

Income-Qualified Person: a person or household whose income does not exceed eighty (80%) of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

Base Price: the total price Homeowner paid for the Home (including the amount provided by a first mortgage loan and any second mortgage loan for purchase assistance, but not including any closing costs paid by the seller or subsidy in the form of deferred loan(s) or grant(s) to the Homeowner other than savings for the benefit of Homeowner such as Individual Development Account funds).

Lease: The Lease includes this document, Exhibits, and any Rider or other document expressly amending the Lease executed by both the Homeowner and DevNW.

Lease Fee: The monthly fee that the Homeowner pays to DevNW for the continuing use of the Land and any additional amounts that DevNW charges to the Homeowner for reasons permitted by this Lease.

Permitted Loan: A loan secured by the Home and Homeowner's right to possess, occupy, and use the Land according to a mortgage, deed of trust, installment purchase contract, or any other security agreement between a lender (or a trustee) and Homeowner which DevNW has permitted. The Homeowner may not grant any such mortgage, deed of trust, installment purchase contract, or security agreement without DevNW's permission. The Homeowner may not mortgage or grant by a deed of trust or installment purchase contract DevNW's interest in the Land.

Qualified Capital Improvement: A capital improvement Homeowner makes to the Home at Homeowner's expense after the commencement of this Lease, limited, however, to improvements to the Home that are or were completed in full compliance with Article 7, are the addition of a bedroom, bathroom and/or garage (either attached or detached), and are or were constructed according to a building permit and pass inspection. Other construction and maintenance to the Home shall not be considered a Qualified Capital Improvement.

Event of Default: Any violation of the terms of the Lease unless it has been corrected (“cured”) by Homeowner or the holder of a Permitted Loan within the specified period of time after a written Notice of Default has been given by DevNW.

ARTICLE 1: Lease Includes Homeowner’s Letter of Agreement and Homeowner’s Lawyer’s Acknowledgment.

The Lease includes a Letter of Agreement from the Homeowner describing Homeowner’s understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home) and a Letter of Acknowledgment from the Homeowner’s lawyer, describing the lawyer’s review of the Lease with the Homeowner (in attached Exhibit B: HOMEOWNER’S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER’S LAWYER’S ACKNOWLEDGMENT).

ARTICLE 2: Leasing of Rights to the Land.

2.1 DEVNW LEASES THE LAND TO HOMEOWNER: DevNW hereby leases to the Homeowner and Homeowner hereby accepts the right to possess, occupy, and use the Land (legally described in the attached Exhibit A: LAND AND HOME LEGALLY DEFINED) for single family residential purposes in accordance with the terms of this Lease. DevNW has furnished to Homeowner a copy of the most current title and environmental assessment report, if any, obtained by DevNW for the Land. Homeowner has had an opportunity to inspect the Land and to obtain an environmental assessment of the Land and has obtained an inspection report of the Home. Homeowner acknowledges that it had an opportunity to examine the Land and that no representations as to the condition of the Land or its suitability for residential use have been made by DevNW or any agent or person acting for DevNW (except as expressly provided in this Lease). Homeowner accepts the physical condition of the Land and the title to the Land in their current condition “as is” as of the signing of this Lease.

2.2 NO WARRANTIES; DISCLAIMER: DevNW makes no warranties, express or implied, as to the fitness of the Land for Homeowner’s use and expressly disclaims any representation about the condition of the Land and soil including but not limited to its composition, fertility, drainage, bearing capacity, the presence or absence of petroleum products, underground storage tanks, lead, radon, or any other contamination or hazardous materials as those terms are defined by Oregon Revised Statutes. **Except for any express representations and warranties in this Lease, DevNW expressly disclaims all warranties with respect to the Land, express and implied, including but not limited to the warranty of merchantability and the warranty of fitness for a particular purpose.**

2.3 SOME RIGHTS NOT LEASED TO HOMEOWNER: DevNW does not lease to Homeowner any other rights appurtenant to the Land, including but not limited to the right to remove from the Land any minerals lying beneath the Land’s surface or any topsoil or trees on the surface. Ownership of such minerals, soil, and plants remains with DevNW, but DevNW shall not remove any such minerals, soil, or plants from the Land without the Homeowner’s written permission. Similarly, DevNW does not lease air rights, solar access rights, storm water disposal capacity, rights to use the underground for utilities or other improvements not presently existing, or development rights including but not limited to density transfer rights or other rights related to land use regulation that can be traded for value.

ARTICLE 3: Term of Lease, Change of Land Owner

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for ninety-nine (99) years and shall end on the 99th anniversary of the day the parties entered into the Lease unless either (a) terminated sooner or (b) renewed for one additional 99-year term according to Exhibit F: LEASE EXPIRATION, RENEWAL, AND PURCHASE OPTION.

3.2 WHAT HAPPENS IF DEVNW DECIDES TO SELL THE LAND: If DevNW ever transfers ownership of the Land (whether voluntarily or involuntarily) to any other person or institution, this Lease shall not cease but shall remain binding on the new landowner as well as the Homeowner. If DevNW agrees to transfer the Land to any person or entity other than a subsidiary of DevNW, a non-profit public benefit corporation, charitable trust, government agency, eligible covenant holder as defined in ORS 456.270 (as may be amended), or other similar institution sharing the goals set forth above, the Homeowner shall have a right of first refusal to purchase the Land according to the attached Exhibit E: FIRST REFUSAL.

ARTICLE 4: Use of Land

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner may use and allow others to use the Home and Land only for residential purposes and any activities related to residential use that local zoning law permits.

4.2 HOMEOWNER MUST USE THE HOME AND LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW: Homeowner shall use the Home and Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease. "Safe, sound, and habitable condition" means the Home complies with (a) the Housing Quality Standards of the U.S. Department of Housing and Urban Development (HUD) as set forth in the Code of Federal Regulations at 24 CFR Section 982.401 and (b) all applicable local, county, or state codes including without limitation those governing residential property construction, maintenance and nuisance. These codes are available from DevNW or online.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS: Homeowner is responsible for the use of the Home and Land by all residents, occupants and visitors and anyone else using the Land with Homeowner's permission. Homeowner shall make all such people aware of the restrictions on use set forth in this Lease.

4.4 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST EIGHT MONTHS EACH YEAR: Homeowner shall occupy the Home for at least eight (8) months of each calendar year of this Lease, unless otherwise agreed in advance in writing by DevNW. Occupancy by Homeowner's child, spouse, domestic partner, or other persons approved by DevNW in writing in advance of Homeowner's absence shall be considered occupancy by Homeowner.

Neither compliance with the occupancy requirement nor DevNW's permission for an extended period of non-occupancy constitutes permission to sublease the Land or to rent or lease the Home, which is addressed in Section 4.5 below.

Prior to any absence longer than forty (40) days, Homeowner shall provide DevNW with written confirmation from Homeowner's property insurer that the coverage required by Article 9 will be continuously in effect through Homeowner's return and occupancy.

4.5 HOMEOWNER MAY NOT SUBLEASE LAND OR RENT OR LEASE HOME WITHOUT DEVNW'S PERMISSION. Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights in the Land or lease or rent his/her Home for any period of time, without the prior, written permission of DevNW. Homeowner agrees that DevNW shall have the right to withhold such consent in order to further the purposes of this Lease.

If DevNW grants permission for subleasing, leasing, or renting, Homeowner shall include in the written sublease, lease, or rental agreement the following conditions:

- (a) The sublease, lease, or rental agreement is subject to all of the terms of this Lease.
- (b) The total consideration (including but not limited to rental or occupancy fee) the sublessee, lessee, or tenant pays to Homeowner shall not exceed the Lease Fee plus an amount approved by DevNW to cover Homeowner's costs in owning the Home, including but not limited to the cost of property taxes, insurance, loan principal, and loan interest.

4.6 DEVNW HAS A RIGHT TO INSPECT THE LAND: DevNW may inspect any part of the Land except the interior of fully enclosed buildings, at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. DevNW may inspect the Land not more than once a year except in the case of an emergency. In an emergency, DevNW may inspect any part of the Land except the interior of fully enclosed buildings after making reasonable efforts to inform the Homeowner before the inspection.

If DevNW has received an Intent-To-Sell Notice (as described in Section 10.4 below), or if a Notice of Default has been issued by a Permitted Lender then DevNW or an agent of DevNW has the right to inspect the interior of all fully enclosed buildings to determine their condition prior to the sale. DevNW must notify the Homeowner at least 72 hours before carrying out such inspection.

4.7 HOMEOWNER HAS A RIGHT TO QUIET ENJOYMENT: Homeowner has the right to quiet enjoyment of the Land and to use the Land as permitted by this Lease in peace without disturbance by others including DevNW except as this Lease permits DevNW to enter and inspect the Land and buildings.

ARTICLE 5: Lease Fees

5.1 AMOUNT OF LEASE FEE: The Homeowner shall pay a monthly Lease Fee as rent for the right to possess, occupy and use the Land.

5.2 WHEN THE LEASE FEE IS TO BE PAID: Homeowner shall pay the Lease Fee to DevNW on the first day of each month for as long as this Lease remains in effect, unless the Lease Fee is to be escrowed and paid by a Permitted Lender, in which case Homeowner shall make its payment as directed by that Lender and Lender shall make payment to DevNW on the first day of each month for as long as this Lease remains in effect (the "Due Date"). Even where Homeowner has arranged for a third party to make Lease Fee payments including but not limited to a Permitted Lender, the Homeowner is still ultimately responsible to make all Lease Fee payments by the Due Date.

5.3 HOW THE AMOUNT OF THE LEASE FEE HAS BEEN DETERMINED: The amount of the Lease Fee stated in Section 5.1 above has been determined as follows. First, the approximate monthly fair rental value of the Land has been established, as of the beginning of the Lease term, recognizing that the fair rental value is reduced by certain restrictions imposed by the Lease on the use of the Land. Then the affordability of this monthly amount for the Homeowner has been analyzed and, if necessary, the Lease Fee has been reduced to an amount considered to be affordable for Homeowner.

5.4 RESERVED

5.5 DEVNW MAY INCREASE LEASE FEE ANNUALLY: DevNW may increase the amount of the Lease Fee not more than once every calendar year. Such increase will be effective on January 1st of the following year. The total percentage of increase since the date this Lease was signed shall not be greater than (a) the percentage of increase, over the same period of time, in the Consumer Price Index for urban wage earners and clerical workers for the urban area in which the Land is located or (b) the sum of three percent (3%) times the number of years since the date this Lease was signed, whichever is less.

5.6 LEASE FEE CAN INCREASE IF RESTRICTIONS ARE BREACHED OR REMOVED: If, for any reason including but not limited to an event of default, deed-in-lieu-of-foreclosure, foreclosure, or court order, the provisions of Article 4 regarding use of the Land or Article 10 regarding transfers of the Home are breached (violated), suspended, and/or invalidated for any period of time, then DevNW may in its sole discretion increase the Lease Fee for that period to an amount calculated by DevNW to equal the fair rental value of the Land for use not restricted by the breached, suspended, and/or invalidated provisions. Thereafter, for so long as these restrictions are not met and given effect, DevNW may, from time to time, further increase the amount of such Lease Fee, provided that the amount of the Lease Fee does not exceed the fair rental value of the Land, and provided that such increases do not occur more often than once in any calendar year.

5.7 IF PAYMENT IS LATE, DEVNW MAY CHARGE LATE FEE AND INTEREST: If DevNW has not received any monthly installment of the Lease Fee by the Due Date, DevNW may require Homeowner to pay a late fee and/or interest on the unpaid amount from the Due Date through the date such payment or installment is made. Interest shall not exceed the Oregon Statutory Rate of Interest, which as of the date of this Lease is nine percent (9%) per year. Such late fee or interest shall be deemed additional Lease Fee and paid by Homeowner to DevNW upon demand. The Board of Directors of DevNW may adopt a written late fee policy which shall apply to all homeowners leasing land from DevNW, and it shall apply to Homeowner after 30 days written notice to Homeowner. The late fee shall approximate the average of DevNW's actual costs incurred by late Lease Fee payments, provided the late fee shall not exceed the amount of the Lease Fee, and may be increased annually by the method in section 5.5.

5.8 DEVNW CAN COLLECT UNPAID FEES WHEN HOME IS SOLD: In the event that any Lease Fee is due when the Home is sold, the Homeowner shall pay any outstanding Lease Fee, including any interest as provided above, to DevNW out of any proceeds from the sale that would otherwise be due to Homeowner. Homeowner shall instruct the escrow for the sale to pay any such amounts directly to DevNW from its proceeds from the sale. DevNW may exercise any and all of its remedies for failure to timely pay such Lease Fee and interest in full from the sale proceeds including the right to terminate this Lease and evict the new Homeowner among others. Any such past due amounts will become the personal obligation of the new Homeowner even though due for the period prior to the commencement of their ownership.

ARTICLE 6: Taxes and Assessments

6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS: Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Land (including any taxes relating to DevNW's interest in the Land).

6.2 DEVNW WILL DELIVER ANY TAX BILLS IT RECEIVES TO HOMEOWNER: In the event that the local taxing authority bills DevNW for any portion of the taxes on the Home or Land, DevNW shall pass the bill to Homeowner and Homeowner shall promptly pay this bill.

6.3 HOMEOWNER HAS A RIGHT TO CONTEST TAXES: Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home and Land. Upon receiving a reasonable request from Homeowner for assistance in this matter, DevNW shall join in contesting such taxes. All costs of such proceedings shall be paid by Homeowner.

6.4 IF HOMEOWNER FAILS TO PAY TAXES, DEVNW MAY INCREASE LEASE FEE: In the event that Homeowner fails to pay the taxes or other charges described in Section 6.1 above, DevNW may increase Homeowner's Lease Fee to offset the amount of taxes and other charges owed by Homeowner. Upon collecting any such amount, DevNW shall pay the amount collected to the taxing authority in a timely manner.

6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF: When either party pays taxes relating to the Home or Land, upon request of the other party, the paying party shall furnish satisfactory evidence of the payment to the other party. Ordinarily, a photocopy of a receipt for payment is satisfactory.

ARTICLE 7: The Home

7.1 HOMEOWNER TO PURCHASE HOME WHEN ENTERING INTO LEASE AND OWN HOME ON LEASED LAND: Homeowner shall purchase the Home simultaneously with entering into this Lease and shall own the Home at all times during the term of this Lease. Title to the Home shall be vested in Homeowner until termination of the Lease and shall thereafter revert to DevNW, subject to Homeowner's rights to receive payment for the Home as provided in this Lease. Homeowner may not remove the Home from the Land without DevNW's prior written consent.

7.2 HOMEOWNER'S OWNERSHIP OF HOME SUBJECT TO DUTIES CREATED BY LEASE AND RESTRICTIONS IMPOSED BY LEASE: The Lease imposes duties on the Homeowner such as duty to

occupy the Home and restricts Homeowner's rights including but not limited to restricting Homeowner's use, transfer, sale, and other disposition of the Home.

7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS: Homeowner shall pay for any construction or maintenance on the Home and/or Land (including alterations or modifications), and the construction and maintenance shall be consistent with the uses permitted by Article 4. Any construction or maintenance that costs more than \$2,000.00 or requires a building permit is subject to the following conditions:

Before Starting the Work: (1) Homeowner shall provide DevNW with a sketch and general description of the work in sufficient detail so that DevNW may understand the work, and Homeowner must obtain DevNW's prior, written permission, which shall not be unreasonably withheld, to commence the improvement or maintenance, (2) upon DevNW's response that Homeowner may proceed with the work, Homeowner shall prominently post and maintain at the location of the work at all times during the work a notice of Nonresponsibility of Land Owner under ORS 87.030 (or its successor statute) in a form approved by DevNW, and (3) Homeowner shall provide DevNW with a copy of the plans, building permits, budget, bids, and contracts for the work as well as evidence satisfactory to DevNW of adequate financing of the work and posting of the notice of Nonresponsibility of Land Owner;

During Work: (1) Homeowner shall have all construction, alteration, or maintenance performed in a good and workmanlike manner complying with all applicable laws, ordinances and regulations, including, without limitation, the requirements of local and state public health authorities, and (2) Homeowner shall have all construction or maintenance performed consistently with information Homeowner provided to DevNW, any building permit, this Lease, and any private conditions, covenants, restrictions, and homeowner association rules; and

Upon Completion of Work: The Homeowner shall promptly furnish to DevNW a copy of the final inspection report from the building inspector for all work requiring a building permit showing that the building inspector has approved the work and the improvements can be occupied as well as a copy of full and final unconditional lien releases from all persons or entities providing labor, materials, or rental equipment for the work.

7.4 HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LAND OR HOME: Homeowner shall not permit any statutory or similar lien to be filed against the Land or the Home that remains more than 60 days after it has been filed. Homeowner shall promptly take appropriate action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify DevNW of such failure. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Land from such lien. DevNW may discharge the lien by paying the amount in question, and any money DevNW pays to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand.

7.5 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS: Homeowner is responsible for furnishing all services or facilities on the Land or to the Home, including but not limited

to heat, electricity, air conditioning and water. DevNW is not required to furnish any services or facilities or to make any repairs to the Land or the Home. Homeowner shall maintain the Land and Home as required by Section 4.2 above and make all necessary repairs and replacements when needed.

7.6. REPAIR RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS TO THE HOME:

(a) Homeowner is responsible for all maintenance and repair of the Home in accordance with this Lease. As an additional assurance that Homeowners are able to comply with their maintenance and repair obligations, DevNW and Homeowner agree that DevNW may require Homeowner to pay to DevNW a Reserve Fund Contribution as part of the Land Lease Fee. DevNW shall hold such Contribution as a reserve by DevNW for any significant required maintenance and repair of the roof, exterior siding, exterior paint and finishes, heating system, and similar features of the Home as determined by DevNW in its sole discretion.

(b) Homeowner's Reserve Fund Contribution shall be held in a separate fund and shall only be released by DevNW at its sole discretion. Homeowner may request release of the funds, and DevNW shall release funds at its sole discretion, if the requested use is found to be necessary and in accordance with the fund's intended use. DevNW may reasonably withhold Reserve Funds if the requested use is for purely aesthetic exterior alterations (such as a change in paint color when existing paint is still in good condition) or to repair items damaged by neglect.

(c) Homeowner acknowledges that the Reserve Fund is intended for, and shall remain with, the Home and not the Homeowner. In the event the Home is sold or transferred by Homeowner, the unused Home Reserve Funds will be retained by DevNW for future maintenance and repair needs of the Home and will not be recoverable by or returned to Homeowner for any purpose other than those described in Section 7.6(a). It is the Homeowner's responsibility to fund from Homeowner's resources all required maintenance and repair needs of the Home that are not, or cannot be, covered by the Reserve Fund Contributions funds held by DevNW.

7.7 HOMEOWNER MUST COMPLY WITH COVENANTS, CONDITIONS AND RESTRICTIONS:

Homeowner acknowledges receiving a copy of the Declaration of Easements, Covenants, Conditions and Restrictions for the development in which the Home is located and agrees to comply with its terms and any rules and regulations governing the development. Failure to perform as required in the Declaration, including the payment of assessments as and when due, at DevNW's election, shall constitute a default under this Lease as well as a default under the Declaration.

ARTICLE 8: Financing

8.1 HOMEOWNER MAY GRANT A SECURITY INTEREST IN HOMEOWNER'S HOME AND LEASEHOLD ONLY WITH DEVNW'S PERMISSION. Homeowner may borrow money from one or more lenders to pay for the Home and closing costs ("purchase money loan"). If the lender requires, Homeowner may mortgage, grant a security interest in, or convey its Home and/or its interest in the Land created by this Lease ("interest in land" or "leasehold") in trust to a trustee for the benefit of a lender to secure payment of the purchase money loan (collectively, "grant a security interest" or "security agreement").

Homeowner may grant such a security interest only with the prior, written permission of DevNW. Homeowner shall not otherwise grant a security interest in the Home or leasehold.

Any purchase money loan secured by a security agreement in the Home or leasehold that DevNW has permitted in writing is a "Permitted Loan." "Permitted Loan" includes any security agreement securing payment of the Permitted Loan, any documents related to the Permitted Loan creating a security interest in the Home or leasehold, and all associated loan documents that the lender requires in order to make the Permitted Loan. The beneficiary or holder of a Permitted Loan is a "Permitted Lender."

8.2 BY SIGNING LEASE, DEVNW GIVES PERMISSION FOR ORIGINAL PURCHASE MONEY LOANS. By signing this Lease, DevNW permits one or more purchase money loans into which Homeowner is entering simultaneously with this Lease, copies of which Homeowner or its lender(s) provided to DevNW prior to DevNW signing this Lease. These purchase money loans are Permitted Loans.

8.3 DEVNW PERMISSION IS REQUIRED FOR REFINANCING OR OTHER SUBSEQUENT LOANS OR SECURITY AGREEMENTS. If at any time after DevNW signs the Lease, the Homeowner wishes to grant a security interest in the Home or leasehold to refinance an existing Permitted Loan, obtain a loan to finance repairs or improvements to the Home, and/or for any other purpose, Homeowner must obtain DevNW's prior, written permission. If DevNW approves such loans in writing prior to the Homeowner entering into the loans and any related security agreements, they are Permitted Loans.

To obtain DevNW's permission, Homeowner must provide the following information in writing to DevNW at least 15 business days prior to loan closing:

- Homeowner's reason(s) for the loan;
- the name, address, and contact information of the proposed lender;
- statements from lenders of the principal amount of the proposed loan and the principal amount of any existing Permitted Loan;
- expected costs of the loan (including but not limited to all costs and charges no matter how described or named that are required to be paid or reimbursed at any point in time from initial application for the loan through the life of the loan except property taxes, insurance, and regular, monthly payments of principal and interest, or payments of principal and interest prorated for a portion of a month);
- expected closing costs (including but not limited to all costs and charges no matter how described or named that are required to be paid or reimbursed at closing);
- the rate of interest;
- the repayment schedule;
- any other material terms of the loan;
- a copy of all of proposed lender's loan documents (including but not limited to promissory note, deed of trust or mortgage, security agreement, financing statement, riders to them or to the Lease, subordination agreements, Truth in Lending disclosure statement, good faith estimate, proposed HUD-1 settlement statement, initial escrow statement, and mortgage servicing disclosure statement); and

- a copy of any appraisal commissioned in connection with the loan request.

DevNW may require the information be in documents supplied by the proposed lender, and DevNW may also require Homeowner to submit additional information.

DevNW will not permit the loan(s) if the total amount of principal owed under all loan(s) exceeds the Purchase Option Price at the time of the loan(s).

Additionally, DevNW will not permit the loan(s) if the total amount of principal owed under all loan(s) exceeds the total of the Base Price plus all costs of the loan(s) including the costs of closing the loan except where Homeowner will spend all of the cash proceeds of the loan(s) on a Qualified Capital Improvement approved in advance in writing by DevNW. However, in no event shall the total amount of principal owed under all loan(s) exceed the Purchase Option Price at the time of the loan(s).

DevNW will not permit a loan if it is not closed in escrow by an escrow licensed by the State of Oregon.

DevNW will not permit a loan if it believes the loan and associated security agreements create an unreasonable risk to the Homeowner's or DevNW's interests in the Home or Land.

8.4 DEVNW SHALL PERMIT CERTAIN LOANS. DevNW shall permit a loan when the Homeowner and loan comply with this Article 8, the loan has the characteristics set forth in Part A of Exhibit D: PERMITTED LOANS, and the lender has signed a "Permitted Loan Agreement" as set forth in Part E of Exhibit D: PERMITTED LOANS.

8.5 PERMITTED LENDER HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Lender shall be bound by each of the requirements stated in Exhibit D: PERMITTED LOANS, Part A, "Obligations of Permitted Lender," except as the particular requirement is removed, contradicted or modified for the term of the Permitted Loan by a Rider to this Lease signed by the Homeowner and DevNW.

8.6 PERMITTED LENDER HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Lender shall have all of the rights and protections stated in Exhibit D: PERMITTED LOANS, Part D, "Rights of Permitted Lender."

8.7 HOMEOWNER DIRECTS ANY SURPLUS IN THE EVENT OF FORECLOSURE OF TRUST DEED OR MORTGAGE TO BE PAID TO DEVNW. Homeowner acknowledges that in the event of foreclosure of its deed of trust to a Permitted Lender, DevNW and the community will lose Land restricted to use by Income-Qualified Persons. Therefore, in the event of there being surplus from a foreclosure sale that ORS Chapter 86 requires the trustee to pay to the grantor of the trust deed or to the successor in interest of the grantor entitled to such surplus, Homeowner directs the Permitted Lender to instruct the trustee to pay any such surplus to DevNW or to instruct the party conducting the foreclosure sale to pay the excess proceeds to DevNW and not to the Homeowner within 30 days of the foreclosure sale. Homeowner hereby irrevocably assigns to DevNW any such surplus from sale of the Home that would otherwise have been payable to Homeowner. Homeowner by its signature below waives its rights to the surplus and authorizes and instructs the Permitted Lender, or any party conducting any sale, to pay such surplus directly to

DevNW. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to DevNW.

In the event of a judicial foreclosure of a Permitted Lender's deed of trust or mortgage, Homeowner shall request Permitted Lender to make appropriate requests to the court and motions to the court and shall itself request and move the court to distribute the surplus proceeds from any sale to DevNW consistently with Homeowner's directions in the paragraph above.

8.8 HOMEOWNER PAYS ALL COSTS OF PERMITTED LOAN. Homeowner shall pay all costs associated with or related to the Permitted Loan, and in the event that DevNW incurs any fees, costs or expenses, including but not limited to reasonable attorney's fees in connection with the Permitted Loan, then Homeowner shall reimburse DevNW promptly upon demand.

ARTICLE 9: Liability, Insurance, Damage and Destruction, Eminent Domain

9.1 HOMEOWNER ASSUMES ALL LIABILITY. Homeowner assumes all responsibility and liability related to Homeowner's possession, occupancy and use of the Land.

9.2 HOMEOWNER MUST DEFEND DEVNW AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify, reimburse, and hold DevNW harmless for and against all liability, claims of liability, costs, or judgments for injury or damage to person or property from any cause on or about the Land. Homeowner waives all claims against DevNW for injury or damage on or about the Land. However, DevNW shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of DevNW. All references to DevNW in this section include DevNW's agents, employees, members, officers, and directors. All references to costs in this section include expert witness fees and attorney fees.

9.3 HOMEOWNER MUST REIMBURSE DEVNW. In the event DevNW shall be required to pay any sum that is the Homeowner's responsibility or liability, Homeowner shall promptly reimburse DevNW for such payment and for DevNW's related reasonable expenses.

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LAND. Homeowner shall, at Homeowner's expense, keep the Home continuously insured against "all risks" of physical loss, using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, for the full replacement value of the Home. The amount of such insured replacement value must be approved by DevNW prior to the commencement of the Lease. The policy's deductible shall not exceed \$2,000; there shall not be coinsurance.

Homeowner shall also, at its sole expense, maintain in full force and effect public liability insurance using ISO Form HO 00 03 or its equivalent in the amount of \$500,000 per occurrence and in the aggregate. DevNW shall be named as an additional insured using ISO Form HO 04 41 or its equivalent, and certificates of insurance shall be delivered to DevNW prior to the commencement of the Lease and at each anniversary date of the insurance policy. Upon DevNW's request, Homeowner shall also provide a copy of the policy and any written amendments to the policy related to coverage for additional insureds.

Homeowner shall, at its sole expense, maintain in full force earthquake insurance, if coverage is available and not cost-prohibitive.

Thereafter, if DevNW determines that the replacement value or public liability coverage should be increased, DevNW shall inform Homeowner of such required increase at least 30 days prior to the next date on which the insurance policy is to be renewed, and Homeowner shall assure that the renewal includes such change. If Homeowner wishes to decrease the amount of replacement value to be insured or the public liability coverage, Homeowner shall inform DevNW of the proposed change at least 30 days prior to the time such change would take effect. Homeowner shall not decrease the amount of replacement value to be insured or the public liability coverage without DevNW's prior, written permission.

Should the Home lie in a flood hazard zone as defined by the National Flood Insurance Plan, Homeowner shall keep in full force and effect flood insurance in the maximum amount available.

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED. Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify DevNW of this problem, and DevNW may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and DevNW.

If Homeowner and DevNW cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give DevNW written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;
SECOND, to any Permitted Lender(s), to the extent required by the Permitted Loan(s);
THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;
FOURTH, to DevNW for any amounts owed under this Lease;
FIFTH, to Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;
SIXTH, the balance, if any, to DevNW.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE. If all of the Land

is taken by eminent domain or otherwise for public purposes, or if so much of the Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to DevNW.

In the event of a taking of a portion of the Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

9.7 IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED. In the event of any taking that reduces the size of the Land but does not result in the termination of the Lease, DevNW shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, DEVNW WILL TRY TO HELP HOMEOWNER BUY ANOTHER DEVNW HOME. If this Lease is terminated as a result of damage or destruction not the fault of Homeowner or by a taking for public purposes, DevNW shall take reasonable steps to allow Homeowner to purchase another home on another parcel of land owned by DevNW if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available and shall have no claim against DevNW if DevNW does not make such a home available.

ARTICLE 10: Transfer of the Home

10.1 INTENT OF THIS ARTICLE IS TO PRESERVE FUTURE AFFORDABILITY: Homeowner and DevNW agree that the provisions of this Article 10 express their shared intent to preserve the affordability of the Home and the use of the Land for lower-income households. Homeowner agrees to restrict the price of the Home when it transfers or sells the Home so that the Home is affordable to not only Homeowner but also to other low-income households in the future.

10.2 HOMEOWNER MAY TRANSFER HOME TO ONLY DEVNW OR INCOME-QUALIFIED PERSONS: Homeowner may transfer or sell the Home and an interest in the Land to only DevNW or an Income-Qualified Person and only as explicitly permitted by the provisions of this Article 10 and with DevNW's prior, written permission. A transfer or sale of the Home includes a transfer of any interest in the Home. Homeowner shall not attempt to transfer or sell any interest in the Home without a corresponding leasehold interest in the Land. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Lender in lieu of foreclosure, shall be null and void.

10.3 HOMEOWNER MUST GIVE NOTICE OF INTENT TO SELL: In the event that Homeowner wishes to sell the Home, Homeowner shall notify DevNW, in writing, of such wish. This Notice shall include a statement as to whether Homeowner wishes to recommend a prospective buyer as of the date of the Notice.

10.4 AFTER RECEIVING HOMEOWNER'S NOTICE, DEVNW SHALL ORDER AN APPRAISAL: No later than ten (10) days after DevNW's receipt of Homeowner's Notice of Intent to Sell, DevNW shall order a market valuation of the Land and the Home (the "Appraisal") to be performed by a duly licensed appraiser who is acceptable to the Homeowner and DevNW. If DevNW pays the cost of such Appraisal, Homeowner shall reimburse DevNW the Appraisal cost by the close of escrow for the sale or within 30 days of DevNW's reimbursement request if Homeowner does not sell the Home. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease or any other affordable housing covenant on the use, occupancy and transfer of the Land or Home.

Homeowner shall provide notice to DevNW, in the form acceptable to DevNW, prior to it ordering the Appraisal if it will claim a share of change in value from Qualified Capital Improvements.

If Homeowner provides notice of a Qualified Capital Improvement, then DevNW shall request the appraiser separately state the value of the Home without the Qualified Capital Improvement as well as the value of the Qualified Capital Improvement.

DevNW shall provide a copy of the Appraisal to Homeowner. The values established by the Appraisal shall govern the Formula Price determination in section 10.8 below.

10.5 DEVNW HAS AN OPTION TO PURCHASE THE HOME. Upon receipt of an Intent-to-Sell Notice from Homeowner, DevNW shall have the option to purchase the Home at the Purchase Option Price calculated as set forth below. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment by the Homeowner.

If DevNW elects to purchase the Home or, more likely, assign the Purchase Option, DevNW shall exercise the Purchase Option by notifying Homeowner, in writing, of such election within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, DevNW may either proceed to purchase the Home directly or may assign the Purchase Option to an Income-Qualified Person.

The purchase (by DevNW or DevNW's assignee) must be completed within one hundred eighty (180) days of DevNW's Notice of Exercise of Option, or Homeowner may sell the Home and Homeowner's rights to the Land as provided in Section 10.6 below. DevNW and Homeowner may extend the time permitted for the completion of the purchase by mutual written agreement.

Homeowner may recommend to DevNW a prospective buyer who is an Income-Qualified Person and is prepared to submit Letters of Agreement and Attorney's Acknowledgment indicating informed acceptance of the terms of this Lease. DevNW shall make reasonable efforts to arrange for the assignment of the

Purchase Option to such person, unless DevNW determines that its charitable mission is better served by retaining the Home for another purpose or transferring the Home to another party.

10.6 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOME AND LAND OR FORMULA PRICE: In no event may Homeowner sell the Home for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the lesser of (a) the appraised value of the Home and Land determined in accordance with Section 10.4 or (b) the Formula Price calculated in accordance with Section 10.7 below.

10.7 HOW THE FORMULA PRICE IS CALCULATED: The Formula Price shall be equal to (1) the amount of Homeowner's Base Price (as stated below), plus or minus (2) the Homeowner's Share of Change in Appraised Value, plus (3) a credit for Qualified Capital Improvements as provided below.

a) *Homeowner's Base Price:* The Parties agree that the price paid by Homeowner for the Home upon the execution of this Lease (Homeowner's Base Price) is _____.

b) *Initial Appraised Value of Home and Land:* The parties agree that the total fee simple appraised value of Home and Land at the time of Homeowner's purchase (the Initial Appraised Value) is _____.

c) *Homeowner's Share of Change in Appraised Value:* Homeowner's share of the change in the appraised value of the Home and Land equals twenty-five percent (25%) of any increase or decrease in the appraised value of Home and Land at resale but not including the value attributed to a Qualified Capital Improvement.

Following is a table for calculating the Share of Change in Appraised Value:

	Appraised Value of Home and Land at Resale		\$ _____
<i>minus</i>	Initial Appraised Value of Home and Land	-	_____
<i>equals</i>	Change in Appraised Value	+/- \$	_____
<i>multiplied by</i>	Homeowner's Share of Change in Appraised Value (percent)		25%
<i>equals</i>	Homeowner's Share of Change in Appraised Value (dollars)	= +/- \$	_____

d) *Homeowner's Credit for Qualified Capital Improvements:* Homeowner's credit is determined according to the policies in place when the Homeowner completed the Qualified Capital Improvement, and at present, DevNW's policy is that Homeowner receives 100% of the increase in appraised value attributable to the addition of a bedroom(s) and/or bathroom(s) and 50% of its actual cost for the work for other Qualified Capital Improvements. Homeowner shall not receive a share of change from Qualified Capital Improvements to the extent it received a share of the increase in appraised value attributable to the Qualified Capital Improvements.

Following is a table for calculating the Formula Price:

	Homeowner's Base Price		_____
<i>plus/minus</i>	Homeowner's Share of Change in Appraised Value	+/- \$	_____
<i>plus</i>	Homeowner's Credit for Qualified Capital Improvements not included in Appraisal	+ \$	_____
<i>equals</i>	Formula Price	= \$	_____

10.8 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER: Homeowner is required to make necessary repairs when Homeowner voluntarily transfers the Home as follows:

(a) The person purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at his/her/their sole expense an Oregon Construction Contractor's Board-Certified home inspector to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). Homeowner shall cooperate fully with the inspection.

(b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), Homeowner, and DevNW within 10 days after receiving the Inspection Report.

(c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.5 above prior to transferring the Home.

(d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, if Homeowner cannot afford to pay such costs prior to the transfer, then upon Homeowner's written request, DevNW in its sole discretion may allow Homeowner to pay all or a portion of the repair costs after transfer from Homeowner's proceeds of sale. In such event, either (i) 150% of the unpaid estimated cost of repairs to be completed after transfer or (ii) 100% of the unpaid cost of repairs completed before transfer shall be withheld from Homeowner's proceeds of sale in a DevNW-approved escrow account. Also, upon Homeowner's written request, DevNW may, at its discretion, agree to release funds from the Repair Reserve Fund to cover some or all of the cost of such repairs, provided that such use of the Reserve is in full compliance with Section 7.6 above.

(e) Homeowner shall allow DevNW, Buyer, and Buyer's home inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.

(f) Homeowner shall either (i) transfer the Home with all the appliances that were present in the Home when Homeowner purchased (or Homeowner's replacement appliances) in good working order or (ii) reduce the Purchase Option Price by the replacement cost of any such appliances that are not left with the Home in good working order.

10.9 DEVNW MAY CHARGE PURCHASER A TRANSFER FEE. In the event that Homeowner sells the home to someone other than DevNW (whether directly to the person or as a result of DevNW's assignment of its Purchase Option to the person), DevNW may in its sole discretion charge the purchaser a

transfer fee in addition to the Purchase Option Price (both included in the purchase price paid by purchaser). The transfer fee reimburses DevNW for its costs related to the transaction. The amount of the transfer fee shall be the greater of DevNW's actual costs related to the transaction or an average of DevNW's costs for similar transfers. DevNW shall establish and periodically adjust the average cost.

10.10 PURCHASER SHALL RECEIVE NEW LEASE: DevNW shall issue a new lease of the Land to any person who purchases the Home in accordance with the terms of this Article 10. The terms of such lease shall be the same as those of new leases issued to homebuyers at that time for land not previously leased by DevNW.

10.11 TRANSFERS WHEN DEVNW DOES NOT EXERCISE ITS PURCHASE OPTION: If the Purchase Option has expired without DevNW exercising it or if DevNW exercises its Purchase Option but has failed to complete the purchase according to Section 10.5, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price.

Provided that any other party's interest in the Home or Land allows, if Homeowner has made diligent efforts to sell the Home for at least six months after the expiration of DevNW's Purchase Option and failed to sell the Home, Homeowner may then sell the Home, for a price no greater than the then applicable Purchase Option Price, to any person(s) regardless of the person's income subject to DevNW's right of first refusal to purchase on the same terms at the Purchase Option Price.

If (1) DevNW does not exercise its option and complete the purchase of the Home as described above and (2) Homeowner (a) is not then residing in the Home and (b) continues to hold the Home out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one year of the date of the Intent to Sell Notice, Homeowner does hereby appoint DevNW its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the Home, and pay to the Homeowner the proceeds of sale minus DevNW's costs of sale and any other sums owed to DevNW by Homeowner.

10.12 TRANSFERS ON HOMEOWNER'S DEATH BY TRANSFER ON DEATH DEED: If Homeowner wishes to transfer its interests in the Home and Land on Homeowner's death by a Transfer on Death Deed ("Deed") as authorized by the Uniform Real Property Transfer on Death Act in ORS 93.948-.979, then Homeowner shall obtain DevNW's prior written approval of the Deed before recording it.

DevNW will consent to the Deed only if (1) the Deed transfers the Home and Homeowner's interests in the Land to Homeowner's spouse or domestic partner, child, or children and (2) Homeowner attaches transferee's completed Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT (as described in Article 1 above) to the Deed.

Upon Homeowner's written request, DevNW will either indicate its permission in writing by signing a consent line in the Deed or by a separate written agreement.

In addition, if Homeowner provides written evidence satisfactory to DevNW in its sole discretion that Homeowner's physicians have diagnosed Homeowner with a fatal illness likely causing Homeowner's death within a calendar year, then DevNW may agree to Homeowner's transfer to member(s) of the

Homeowner's household who have resided continuously in the Home for at least one year immediately prior to Homeowner's execution of the Deed. If DevNW agrees, the Homeowner, transferee, and DevNW shall complete the Deed in the method set forth in the preceding paragraph.

When the Homeowner who has granted the Deed dies, the grantee shall notify DevNW of Homeowner's death within ninety (90) days of the date of the death. Upon grantee's notice, grantee and DevNW shall enter into a new lease of the Land. The terms of such lease shall be the same as those of new land leases DevNW is making at that time.

If Homeowner grants his/her interests in the Home by a Deed to any other grantees or without obtaining DevNW's prior, written approval according to the provisions above, then upon Homeowner's death, the grantee(s) shall notify DevNW if the grantee wishes to retain ownership of the interests in the Home. If the grantee does, then in addition to submitting Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT as provided above, the grantee must demonstrate to DevNW's satisfaction that either (1) the grantee is a person listed below in Section 10.13 (a), (b), or (c); or (2) the grantee(s) is an Income-Qualified Person as defined above. If the grantee cannot demonstrate that grantee is a person listed below in Section 10.13 (a), (b), or (c), or is an Income-Qualified Person, then DevNW shall terminate the Lease and the grantee(s) will not be entitled to possession of the Land and must transfer the Home in accordance with the provisions of this Article 10.

10.13 TRANSFERS AFTER HOMEOWNER'S DEATH: Homeowner's interest in the Land is personal to Homeowner and is not inheritable or transferrable by will, trust, other legal instrument, or intestate succession and terminates with Homeowner's death except as provided below. However, the parties have balanced their shared intention for Homeowner to be able to pass its interests in the Home and Land to its heirs with Homeowner's and DevNW's shared interests in preserving the Home and Land for use by low-income persons and have agreed to the following transfers in the event of Homeowner's death.

When Homeowner dies (or if there are multiple Homeowners, then after the last Homeowner dies), the executor or personal representative of Homeowner's estate shall notify DevNW of Homeowner's death within ninety (90) days of the date of the death.

Upon receiving such notice DevNW shall consent to a transfer of Homeowner's interests in the Home and Land to one or more persons taking Homeowner's interests by intestate succession; a will, trust, or other legal instrument; or by court order (collectively, "heirs") if the heir(s) is/are listed below and the heir(s) signs and delivers Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT as provided above to DevNW no less than thirty (30) days before the transfer and provided that no instrument or court order provides otherwise:

- (a) the spouse or domestic partner of the Homeowner;
- (b) the child or children of the Homeowner; or
- (c) member(s) of the Homeowner's household who have resided continuously in the Home for at least one year immediately prior to Homeowner's death.

DevNW will not lease the Land to any other heirs unless they are Income-Qualified Persons. Therefore, all other heirs taking title to the Home upon Homeowner's death who wish to lease DevNW's Land must

demonstrate to DevNW's satisfaction that they are Income-Qualified Persons in order to lease the Land. If the heirs prove they are Income-Qualified Persons and submit Letters of Agreement and Attorney's Acknowledgment as provided above, then DevNW will lease the Land to them. If they cannot demonstrate that they are Income-Qualified Persons, DevNW will not lease the Land to them and they must transfer their interest in the Home according to Article 10.

Upon the heir's or heirs' notice, the heir(s) and DevNW shall enter into a new lease of the Land. The terms of such lease shall be the same as those of new land leases DevNW is making at that time.

10.14 HOMEOWNER MUST GIVE NOTICE OF DISSOLUTION, PROPERTY DIVISION, OR SEPARATION; TRANSFERS TO EX-SPOUSE/DOMESTIC PARTNER: Homeowner shall notify DevNW in writing within fourteen (14) days of either it or its spouse/domestic partner filing or being served with a petition for dissolution or division of household property or a response to such a petition or in the event of separation from the other spouse/domestic partner. Homeowner's notice to DevNW shall include a brief statement of the circumstances; a copy of all legal documents related to the dissolution, property division, or separation; and the name, address, and phone number of any attorney for the spouse/domestic partners' attorneys.

Upon receiving such notice, if both spouses/domestic partners in the household are the Homeowner, then DevNW shall consent to one spouse/domestic partner relinquishing its interests in the Home and Land to the other according to a court order arising from the separation, dissolution, and/or property division if (1) Homeowner is not in default or the default is cured by the date of the transfer, (2) the prospective transferee provides assurances to DevNW adequate in DevNW's sole discretion that it will be able to perform all obligations of the Lease, (3) the value for the Home for the property division does not exceed the Purchase Option Price, and (4) the spouses/domestic partners comply with all other requirements for a transfer in this Article 10 including but not limited to making any necessary repairs and paying any transfer fee.

Upon receiving such notice, if only one of the spouses/domestic partners in the household is the Homeowner, then DevNW shall consent to a transfer of the Home and Homeowner's interests in the Land to Homeowner's ex-spouse or domestic partner pursuant to the spouses' (or domestic partners') written agreement or a court order upon (1) satisfaction of the conditions above and (2) the ex-spouse/domestic partner signing and delivering Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT as provided above to DevNW no less than fifteen (15) days before the transfer and at DevNW's sole discretion either entering into a new land lease with DevNW or assuming the existing Land Lease. If in its sole discretion DevNW decides to enter into a new land lease with the ex-spouse/domestic partner, then the terms of the new land lease will be the same as those of new land leases DevNW is making at that time.

In addition, if there is any transfer of Homeowner's interests in the Home from separation, dissolution, or property division or if DevNW appears in any mediation or court proceedings arising from such matters, Homeowner shall pay DevNW's reasonable attorney's fees and costs.

ARTICLE 11: Reserved

ARTICLE 12: Default

12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO DEVNW THAT ARE REQUIRED BY THE LEASE OR FAILS TO MAKE PAYMENTS UNDER THE PERMITTED LOAN: It shall be an event of default if Homeowner fails to pay the Lease Fee (including any late fee/interest on the Lease Fee) and such failure is not cured by Homeowner or a Permitted Lender within sixty (60) days after notice of such failure is given by DevNW to Homeowner and Permitted Lender. It shall be an event of default if Homeowner fails to pay other charges required by this Lease and such failure is not cured by Homeowner or a Permitted Lender within thirty (30) days after notice of such failure is given by DevNW to Homeowner and Permitted Lender. However, if Homeowner or Permitted Lender makes a partial payment of at least two-thirds (2/3) of the amount owed during the cure period, then the cure period shall be extended by an additional thirty (30) days.

It shall also be an event of default if Homeowner fails to pay any amount of money due by the terms of the Permitted Loan within thirty (30) days after the Permitted Lender has sent the Homeowner notice of such default.

12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE: It shall be an event of default if Homeowner by action or inaction fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Lender within sixty (60) days after notice of such failure is given by DevNW to Homeowner and Permitted Lender. However, if Homeowner or Permitted Lender has begun to cure such default within the 60-day cure period, has notified DevNW of its intention to cure the default, and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure.

12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS: It shall be an event of default if Homeowner's Home or interest in the Land is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home or Homeowner's interest in the Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

12.4 A DEFAULT (UNCURED VIOLATION) GIVES DEVNW THE RIGHT TO TERMINATE THE LEASE, EXERCISE ITS PURCHASE OPTION, AND EXERCISE ALL OTHER REMEDIES: In the event of any events of default described above and upon the expiration of any applicable cure period, DevNW may, immediately or at any time thereafter, exercise all rights and remedies available to DevNW at law or in equity including but not limited to the following remedies:

(a) TERMINATION: In the case of any of the events of default described above, DevNW may terminate this Lease and initiate summary proceedings under applicable law against Homeowner, and DevNW shall

have all the rights and remedies consistent with such laws and resulting court orders to enter the Land and Home and repossess the entire Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, DevNW shall have such additional rights and remedies as are permitted by law to recover from Homeowner arrears of rent and damages from any breach of any covenant of this Lease.

If DevNW elects to terminate the Lease, then the Permitted Lender shall have the right (subject to Article 8 above and the attached Exhibit D: PERMITTED LOANS) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Lender or its designee to acquire Homeowner's interest in the Home and the Land by foreclosure of its mortgage or otherwise.

(b) **EXERCISE OF DEFAULT PURCHASE OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to DevNW (or its assignee) the option to purchase the Home for the lesser of the fair market value or the base price of the Home ("Default Purchase Option Price"). Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, DevNW shall notify the Homeowner and the Permitted Lender(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after DevNW gives notice to the Homeowner of DevNW's intent to exercise its option under this Section 12.4(b), DevNW or its assignee shall purchase the Home for the Default Purchase Option Price.

(c) **OTHER REMEDIES:** DevNW may specifically enforce the obligations Homeowner is required to perform by the terms of this Lease or such other equitable relief as may be appropriate in the circumstances such as a restraining order and injunction, receivership and the like.

12.5 WHAT HAPPENS IF DEVNW DEFAULTS: DevNW shall in no event be in default in the performance of any of its obligations under the Lease unless and until DevNW has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to DevNW properly specifying DevNW's failure to perform any such obligation.

ARTICLE 13: Resolution of Disputes by Arbitration

13.1 ARBITRATION: Any claim, controversy or dispute between the parties arising out of or relating to this Lease, or to the interpretation or breach thereof, or to the existence, scope, or validity of this Lease or arbitration agreement, shall be resolved by arbitration in Portland in accordance with the then-effective arbitration rules of (and by filing a claim with) Arbitration Service of Portland, Inc. Homeowner and DevNW shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage. The arbitration shall be by a single arbitrator unless DevNW requests arbitration by a panel of three arbitrators (in which case, the matter shall be resolved by arbitration by a three-arbitrator panel with DevNW paying two-thirds (2/3) of the arbitrators' compensation and costs). Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof, but nothing in this paragraph shall preclude DevNW from seeking injunctive relief in a court with jurisdiction or bringing, maintaining and concluding an action against the Homeowner for forcible entry or wrongful detainer, and this paragraph shall not apply to any dispute that is encompassed within the FED legal action.

ARTICLE 14: General Provision

14.1 Intentionally deleted.

14.2 NOTICES: Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to DevNW: DevNW, 212 Main Street, Springfield, OR 97477

If to Homeowner: _____ and _____

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.3 NO BROKERAGE: Homeowner warrants that it has not dealt with any real estate broker other than _____ in connection with the purchase of the Home. If any claim is made against DevNW regarding dealings with brokers other than above named Broker, Homeowner shall defend DevNW against such claim with counsel of DevNW's selection and shall reimburse DevNW for any loss, cost or damage which may result from such claim.

14.4 ASSIGNMENT: Homeowner's interest in the Land is personal to Homeowner and is granted by DevNW based on its charitable program. DevNW's determination to lease its Land to Homeowner is based on Homeowner's status as an Income-Qualified Person when it entered into the Lease as well as Homeowner sharing DevNW's goals. Homeowner may not assign any interest in the Home and/or any interest in the Land created by this Land Lease without the prior written consent of DevNW which it may grant or deny in its sole discretion without review for abuse of discretion. In certain circumstances, DevNW may allow assignment of the Land Lease (e.g., to a transfer on death grantee, heir, member(s) of Homeowner's household who have resided continuously in the Home for at least one year immediately prior to Homeowner's death, or ex-spouse/domestic partner as allowed above). However, DevNW may withhold consent to an assignment request if its then-current practice is to enter into a new land lease instead of allowing assignment of an older form of land lease in order to keep its land leases more uniform and similar to contemporary land leases. DevNW will condition every assignment on receipt of fully executed Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT as provided above. DevNW may condition assignment on its determination that the assignee(s) is an Income-Qualified person. DevNW may require amendment of the Land Lease to include terms of its then-current new land leases as a condition of its consent to assignment of the Land Lease. In any assignment, the Land Lease Fee will be set at the amount of the land lease fee in DevNW's contemporary new land leases. DevNW's consent to one assignment will not constitute consent to other transfers or waiver of this section. Any attempted assignment in violation of this provision will be void, of no effect with respect to any purported assignee, and a breach of the Land Lease (and an event of default if not rescinded within the applicable cure period).

14.5 AFFORDABLE HOUSING COVENANT; SEVERABILITY AND DURATION OF LEASE: This Lease is an affordable housing covenant pursuant to ORS 456.270-.295. If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or DevNW against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that DevNW's option to purchase and all other rights of both parties under this Lease shall continue in effect for the full term of this Lease and any renewal thereof and shall be considered to be coupled with an interest. As provided in ORS 105.965 and ORS 456.270 et. seq., the rule against perpetuities does not apply to any option or right provided in this Lease.

14.6 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION: If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, DevNW shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in Exhibit E: FIRST REFUSAL. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

14.7 WAIVER: The waiver by DevNW at any time of any requirement or restriction in this Lease, or the failure of DevNW to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Lease. DevNW may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by DevNW before being effective.

The subsequent acceptance of Lease Fee payments by DevNW shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Lease, other than the failure of Homeowner to pay the particular Lease Fee so accepted, regardless of DevNW's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

14.8 DEVNW'S RIGHT TO PROSECUTE OR DEFEND: DevNW shall have the right, but shall have no obligation, to prosecute or defend, in its own or Homeowner's name, any actions or proceedings appropriate to the protection of its own or Homeowner's interest in the Land. Whenever requested by DevNW, Homeowner shall give DevNW all reasonable aid in any such action or proceeding.

14.9 CONSTRUCTION: Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine or nonbinary, as the case shall demand.

14.10 HEADINGS AND TABLE OF CONTENTS: The headings, subheadings and table of contents appearing in this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

14.11 PARTIES BOUND: This Lease sets forth the entire agreement between DevNW and Homeowner with respect to the leasing of the Land; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by DevNW and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.12 GOVERNING LAW: This Lease shall be interpreted in accordance with and governed by the laws of Oregon. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against DevNW or Homeowner.

14.13 RECORDING: The parties agree, as an alternative to the recording of this Lease, to execute a so-called Notice of Lease or Short Form Land Lease in form recordable and complying with applicable law and reasonably satisfactory to DevNW's attorneys. Any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease and is not intended to vary the terms and conditions of this Lease.

14.14 SURVIVAL: All provisions of this Lease that would reasonably be expected to survive the termination of this Lease will do so.

SECTION 3. DEVNW LAND LEASE EXHIBITS

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Exhibit A: LAND AND HOME LEGALLY DEFINED

The "Land" is the land only, exclusive of any improvements situated on the land, described as follows:

The "Home" is the improvements only, situated on but exclusive of, the Land described above.

Exhibit B: HOMEOWNER'S LETTER OF AGREEMENT

To: DevNW

Date: _____

This letter is given to DevNW to become an exhibit to a Lease between DevNW and me. I will be leasing land from DevNW and will be buying the home that sits on that land. I will therefore become what is described in the Lease as the "Homeowner."

My legal counsel, _____, has explained to me the terms and conditions of the Lease and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a DevNW homeowner, now and in the future.

I have discussed these terms and conditions with _____ (who are my heirs) for the purposes of increasing their understanding and acceptance of the terms and conditions of the Lease and other legal documents that are part of this transaction.

I understand that the following documents describe the special nature of the purchase of my home:

- a) this Letter of Agreement;
- b) Homeowner's Lawyer's Acknowledgment;
- a) the Master Form Land Lease recorded in the same county where the Home and Land are located (including Exhibits A-F and Sections 1-6);
- b) a proposed Short Form Land Lease creating my leasehold interest in the Land and including deviations, if any, to the Master Form Land Lease; and
- c) Exhibits A, B, and C to the Short Form Land Lease with specifics relating to the purchase of my home.

In particular I understand and agree with the following points:

One of the goals of DevNW is to keep DevNW homes affordable for lower income households from one DevNW homeowner to the next. I support this goal as a DevNW homeowner.

The terms and conditions of my Lease will keep my home affordable for future "income-qualified persons" (as defined in the Lease). If and when I want to sell my home, the lease requires that I sell it to another income-qualified person. I understand it is not the practice of DevNW to purchase the Home directly from me, but the Lease allows DevNW to do so. The terms and conditions of the Lease also limit the price for which I can sell the home, called the "Purchase Option Price," in order to keep it affordable for such income-qualified persons.

The Purchase Option Price is generally calculated by the lesser of the appraised value of my Home or my base price plus/minus 25% of any appreciation/depreciation since I purchased my home plus DevNW approved Qualified Capital Improvements I made. _____ [Initial Here].

When I sell my Home and interest in the Land, if the market value of my Home and interest in the Land (that is the value of my Home without the restrictions of the Lease) is lower than the Formula Price, then I must sell at the lower market value. When I sell my Home and interest in the Land, if the market value of my Home and interest in the Land (without restrictions) is greater than the Formula Price, I must sell for no more than the Formula Price.

It is also a goal of DevNW to promote resident ownership of DevNW homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.

As a DevNW homeowner, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Homeowner(s)

Exhibit C: HOMEOWNER'S LAWYER'S ACKNOWLEDGMENT

I, _____, have been independently employed by _____
_____ and _____ ("Client") who intends to purchase a house (the "Home")
on land Client intends to lease from DevNW (the "Land"). The Home and Land are located at _____
_____.

In connection with the contemplated purchase of the Home and the leasing of the Land ("real estate transaction"), I reviewed the following documents with my Client:

I understand that the following documents describe the special nature of the purchase of my home:

- a) This Homeowner's Lawyer's Acknowledgment;
- b) Client's Homebuyer's Letter of Agreement;
- c) the Master Form Land Lease recorded in the same county where the Home and Land are located (including Exhibits A-F and Sections 1-6);
- d) a proposed Short Form Land Lease creating Client's leasehold interest in the Land and including deviations, if any, to the Master Form Land Lease;
- e) Exhibits A, B, and C to the Short Form Land Lease with specifics relating to the purchase of Client's home; and
- f) other written materials provided by DevNW.

My Client has received full and complete information and advice regarding this conveyance and the foregoing documents. In my review of these documents my purpose has been to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

My Client is entering the real estate transaction in reliance on his/her/their own judgment and upon his/her/their investigation of the facts. The advice and information I provided was an integral element of such investigation.

Printed Name and Address of Attorney's Business or Law Firm

Exhibit D: PERMITTED LOANS

A. DEFINITION OF PERMITTED LOAN. A Permitted Loan includes a standard first priority purchase money loan or a standard down payment assistance loan.

1. **Standard First Priority Purchase Money Loan.** This is a loan (a) made by an Institutional Lender, a Community Development Financial Institution, DevNW or its subsidiary, or a party with a right to enforce the Lease; (b) to Homeowner for the purpose providing Homeowner with money to pay the purchase price for the Home and paying costs typically associated with acquiring such a Home in the area in which the Home is located; and (c) secured by a lien on the Home that has priority over all other lender's liens, including any lien of DevNW or its subsidiary. An "Institutional Lender" includes federal, state, and local government including without limitation housing finance agencies (such as HUD, Federal Housing Administration, United States Department of Agriculture, and Oregon Housing and Community Services Department); banks, savings and loan associations, or credit unions chartered by or under direct supervision or regulation by the United States or the State of Oregon; and charitable organizations recognized by IRS to be exempt from federal income taxes.

2. **Standard Down Payment Assistance Loan.** This is a loan (a) made by any of the entities listed in 1(a) above, (b) subordinate to a standard first priority purchase money loan, (c) requiring no or only a low origination fee, (d) not payable until the Owner transfers, sells, or refinances the Home, and (e) approved by DevNW. Standard Down Payment Assistance Loans may bear interest as long as the effective annual percentage rate does not exceed that of the standard first priority purchase money loan. The standard down payment assistance loan may not be a shared appreciation mortgage or any loan that bases the amount the Owner must pay on the value of the Home or any index or formula other than simple or compound interest.

B. PERMITTED LOAN TO INCORPORATE THIS EXHIBIT. The mortgage, deed of trust, or other security agreement securing each Permitted Loan must be recorded in the real property records of the county where the Land is located after the Lease is recorded. In addition, the mortgage, deed of trust, or other security agreement securing each Permitted Loan must contain the following provisions in the body of the security agreement securing the Permitted Loan or as an attachment amending the security agreement. If the Permitted Loan does not contain the following provisions, then the Permitted Lender must have entered into a separate written agreement with DevNW by which it has agreed to undertake the following obligations and to enforce its rights according to the following provisions or the Permitted Lender shall be deemed to agree to the following:

C. OBLIGATIONS OF PERMITTED LENDER. Any Permitted Lender shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and DevNW to modify the terms of the Lease during the term of the Permitted Loan.

1. If Permitted Lender sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Loan, the Permitted Lender shall, at the same time, send a copy of that notice to DevNW. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), DevNW shall have the right to

cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Lender since the notice of default was given are made to the Permitted Lender.

2. If, after the cure period has expired, the Permitted Lender intends to accelerate the note secured by the Permitted Loan or begin foreclosure proceedings under the Permitted Loan, the Permitted Lender shall first notify DevNW of its intention to do so, and DevNW shall then have the right, upon notifying the Permitted Lender within thirty (30) days of receipt of such notice, to acquire the Permitted Loan by paying the Permitted Loan.

3. If the Permitted Lender acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Lender shall give DevNW written notice of such acquisition and DevNW shall then have an option to purchase the Home from the Permitted Lender for the full amount owing to the Permitted Lender under the Permitted Loan. To exercise this option to purchase, DevNW must give written notice to the Permitted Lender of DevNW's intent to purchase the Home within thirty (30) days following DevNW's receipt of the Permitted Lender's notice. DevNW must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If DevNW does not complete the purchase within this 60-day period, the Permitted Lender shall be free to sell the Home to others.

4. In the event of there being surplus from a foreclosure sale that ORS Chapter 86 requires the trustee to pay to the grantor of the trust deed or to the successor in interest of the grantor entitled to such surplus, the Permitted Lender shall instruct the trustee to pay any such surplus to DevNW or instruct the party conducting any foreclosure sale to pay the excess proceeds to DevNW within 30 days of the foreclosure sale and not to the Homeowner. (However, the Permitted Lender shall not be liable for the failure of the party conducting the foreclosure sale to follow these instructions.)

5. Nothing in the Permitted Loan shall be construed as giving Permitted Lender a claim on DevNW's interest in the Land or creating any liability of DevNW with regard to the Land, the Home, or the Permitted Loan.

6. Nothing in the Permitted Loan shall be construed as rendering DevNW or any subsequent holder of DevNW's interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Loan or any part thereof.

7. The Permitted Lender shall not look to DevNW or DevNW's interest in the Land, but will look solely to Homeowner, Homeowner's interest in the Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that DevNW's consent to such the Permitted Loan shall be without any liability on the part of DevNW for any deficiency judgment.)

8. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Lender, DevNW, and Homeowner in accordance with the provisions of ARTICLE 9 of the Lease.

9. DevNW shall not be obligated to execute an assignment of the Lease Fee or other rent, fees, or charges payable by Homeowner under the Lease.

D. RIGHTS OF PERMITTED LENDER. The Permitted Lender has the following rights:

1. Any Permitted Lender shall, without further consent by DevNW, have the right to (a) cure any default under the Lease, and perform any obligation required under the Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by the Lease or otherwise by law, subject to the provisions, if any, in the Permitted Loan, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Lender.
2. A Permitted Lender shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Lender under the Lease shall not be construed as an agreement by Permitted Lender to assume such personal liability except to the extent Permitted Lender actually takes possession of the Home and Land. In the event Permitted Lender does take possession of the Home and Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Lender shall automatically be released from personal liability under the Lease.
3. In the event that title to the estates of both DevNW and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Lender, so long as Permitted Lender owns any interest in the Home, leasehold, or a Permitted Loan.
4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, DevNW shall enter into a new lease for the Land with the Permitted Lender (or with any party designated by the Permitted Lender, subject to DevNW's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Lender. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Lender shall make a written request to DevNW for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Lender or the party designated by the Permitted Lender to be the lessee thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by DevNW, Homeowner, and the Permitted Lender.
5. DevNW shall have no right to terminate the Lease during such time as the Permitted Lender has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that DevNW sends a notice of default under the Lease to Homeowner, Permitted Lender has the right to require DevNW also send a notice of Homeowner's default to Permitted Lender. Such

notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Lender at the address which has been given by the Permitted Lender to DevNW by a written notice to DevNW sent in the manner set forth in said Section 14.2 of the Lease.

7. In the event of foreclosure sale by a Permitted Lender or the delivery of a deed to a Permitted Lender in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Lender Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Home or leasehold so foreclosed upon or transferred.

8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Lender, which approval shall not be unreasonably withheld. If Permitted Lender has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Lender, then the proposed amendment shall be deemed to be approved.

E. PERMITTED LOAN AGREEMENT. A Permitted Loan Agreement, as identified in Section 8.4 of the Lease, shall be signed by Lender and Homeowner and written as follows:

Whereas:

DevNW and Homeowner have entered, or are entering, into a land lease ("the Lease"), conveying to Homeowner a leasehold interest in the Land located at _____ ("Leasehold"); and Homeowner has purchased, or is purchasing, the Home located on the Land ("the Home").

The Lender has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security agreement (the "Loan") in the Leasehold and Home, all as more particularly set forth in the Loan, attached hereto as Schedule A.

The Lease states that the Homeowner may mortgage its Leasehold and Home only with the written consent of DevNW. The Lease further provides that DevNW is required to give such consent only if the Lender signs this Permitted Loan Agreement and thereby agrees to certain conditions that are stipulated herein ("the Stipulated Conditions").

Now, therefore, the Homeowner and the Lender hereby agree that the terms and conditions of the Loan shall include the Stipulated Conditions stated below:

Stipulated Conditions:

1) If Lender sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Loan, the Lender shall, at the same time, send a copy of that notice to DevNW. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), DevNW shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Lender since the notice of default was given are made to the Lender.

- 2) If, after such cure period, the Lender intends to accelerate the note secured by the Loan or initiate foreclosure proceedings under the Loan, in accordance with the provisions of the Lease, the Lender shall first notify DevNW of its intention to do so and DevNW shall have the right, but not the obligation, upon notifying the Lender within thirty (30) days of receipt of said notice, to purchase the Loan and to take assignment of the Loan.
- 3) If the Lender acquires title to the Home and Homeowner's interest in the Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Lender shall give DevNW written notice of such acquisition and DevNW shall have an option to purchase the Home and Homeowner's interest in the Land from the Lender for the full amount owing to the Lender; provided, however, that DevNW notifies the Lender in writing of DevNW's intent to make such purchase within thirty (30) days following DevNW's receipt of the Lender's notice of such acquisition of the Home and Leasehold; further provided that DevNW shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if DevNW does not complete the purchase within such period, the Lender shall be free to sell the Home and Leasehold to another person;
- 4) Nothing in the Loan or related documents shall be construed as giving the Lender a claim on DevNW's interest in the Land or creating liability of DevNW with regard to the Land, the Home, or the Loan.
- 5) Nothing in the Loan shall be construed as rendering DevNW or any subsequent holder of DevNW's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Loan or any part thereof.
- 6) The Lender shall not look to DevNW or DevNW's interest in the Land, but will look solely to Homeowner, Homeowner's Leasehold, and the Home for the payment of the debt secured by the Loan. (It is the intention of the parties hereto that DevNW's consent to the Loan shall be without any liability on the part of DevNW for any deficiency judgment.)
- 7) In the event that any part of the Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Lender, DevNW, and Homeowner in accordance with the provisions of Article 9 of the Lease.
- 8) Nothing in the Loan shall obligate DevNW to execute an assignment of the Lease Fee or other rent, fees, or charges payable by Homeowner under the terms of this Lease.
- 9) In the event of there being surplus from a foreclosure sale that ORS Chapter 86 requires the trustee to pay to the grantor of the trust deed or to the successor in interest of the grantor entitled to such surplus, the Permitted Lender shall instruct the trustee to pay any such surplus to DevNW or instruct the party conducting any foreclosure sale to pay the excess proceeds to DevNW and not to the Homeowner within 30 days of the foreclosure sale. (However, the Permitted Lender shall not be liable for the failure of the party conducting the foreclosure sale to follow these instructions.) In the event of a judicial foreclosure of Permitted Lender's deed of trust or mortgage, Permitted Lender shall proceed so that any surplus proceeds from any sale are distributed to DevNW according to the section 8.7 of the Lease, and Permitted Lender shall move or petition the court accordingly.

Exhibit E: FIRST REFUSAL

Whenever Homeowner under section 3.2 or DevNW under section 10.11 of the Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Owner") shall within the term of the Lease receive a bona fide third party offer to purchase the property which such Owner is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- (a) Owner shall give written notice of such offer ("the Notice of Offer") to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer ("the Election Period") within which to exercise the right of first refusal by giving notice of intent to purchase the property ("the Notice of Intent to Purchase") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Owner within the Election Period.
- (b) If Holder exercises the right to purchase the property, such purchase shall be completed within one hundred eighty (180) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.
- (c) Should Holder fail to exercise the right of first refusal within the Election Period, then the Owner shall have the right (subject to any other applicable restrictions in the Lease) to go forward with the sale which the Owner desires to accept, and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such one-year period, the Owner's right so to sell shall end, and all of the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid. If a sale is consummated within such one-year period, the purchaser shall purchase subject to the Holder having a renewed right of first refusal in said property.

Exhibit F: LEASE EXPIRATION, RENEWAL, AND HOME PURCHASE

Not more than 365 nor less than 180 days before the last day of the current term of the Lease, DevNW shall give Homeowner written notice stating the date of expiration of the Lease (the "Expiration Notice").

Homeowner may renew this Lease for one additional period of 99 years subject to the following conditions:

The Lease is in effect at the time DevNW gives the Expiration Notice;

There is no Event of Default by the Homeowner under this Lease or under any Permitted Loan at the time DevNW gives the Expiration Notice and on the last day of the term; and

Homeowner within sixty (60) days of receiving the Expiration Notice shall give DevNW written notice irrevocably exercising the option to renew ("the Renewal Notice");

DevNW may change the terms of the Lease for the renewal period prior to the beginning of such renewal period if the changes do not materially and adversely impair Homeowner's rights under the Lease. In the event DevNW intends to change the terms of the Lease, it shall describe all changes it intends to make to the terms of the Lease as permitted above and reiterate the conditions for renewal above in the Expiration Notice.

When Homeowner has rightfully exercised the option to renew, each party shall execute a memorandum, in mutually agreeable recordable form, acknowledging the fact that Homeowner has exercised the option and otherwise complying with the requirements of law for an effective memorandum or notice of lease, and the parties shall record such memorandum or notice of renewal of lease in accordance with the requirements of law on or promptly after the commencement of such renewal period.

Title to the Home shall be and remain in Homeowner until the Lease expires (without renewal). Upon such expiration, title to the Home shall automatically pass to, vest in, and belong to DevNW without further action on the part of either party, and DevNW shall promptly pay any Permitted Lender(s) and Homeowner as follows:

FIRST, to any Permitted Lender(s) the full amount owed to such lender(s) by Homeowner; and

SECOND, to DevNW for any amounts owed under this Lease; and

THIRD, to Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 as of the time of reversion of ownership. Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home which may be assessed against the Home. If Homeowner fails to clear such liens or charges, the balance due Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorney's fees incurred by DevNW.

SECTION 4. COMMUNITY LAND TRUST GROUND LEASE RIDER (FANNIE MAE FORM 2100 3/06 (REV. 12/10))

EXHIBIT Community Land Trust Ground Lease Rider

[For use with CLT ground leases substantially based on either the Institute for Community Economics or the National Community Land Trust Network model ground lease as identified in Fannie Mae's Selling Guide]

THIS COMMUNITY LAND TRUST GROUND LEASE RIDER (the "Rider") is made this _____ day of _____, and amends and supplements a certain ground lease (referred to herein as "the CLT Ground Lease") dated _____ that is by and between as lessor (herein referred to as "the Lessor" but may otherwise be referred to in the Land Lease as "DevNW") and _____, as lessee (herein referred to as "the Lessee" but may otherwise be referred to in the Land Lease as "Homeowner"). This Rider shall be deemed incorporated into the CLT Ground Lease, and the CLT Ground Lease as amended by this Rider, shall hereafter be referred to as the "Lease," unless otherwise indicated.

The CLT Ground Lease is a long-term lease of the Lessor's fee interest in the land located at _____, referred to herein as the "Leased Land," as improved by a residential structure or unit, referred to herein as the "Improvements." The Leased Land and the Improvements are collectively referred to herein as the "Leased Premises."

This Rider amends the CLT Ground Lease for the purpose of enabling the Lessee to obtain Fannie Mae financing in the form of a mortgage or deed of trust given this _____ day of _____, by Lessee to _____ (the "Specified Mortgage"), and the interest of the Specified Mortgagee in the Leased Premises as secured by such mortgage or deed of trust may be referred to herein as the "Leasehold Estate." The Specified Mortgage is recognized by Lessor as a "Permitted Mortgage" (or as such concept is otherwise defined) under the CLT Ground Lease, and the holder of the Specified Mortgage (the "Specified Mortgagee") is recognized as a "Permitted Mortgagee" (or as such concept is otherwise defined) under the CLT Ground Lease.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the CLT Ground Lease, and in addition to the covenants and agreements made in the CLT Ground Lease, the Lessor and the Lessee further covenant and agree, so long (but only so long) as the Specified Mortgagee, its successors and assigns shall have an interest in the Leased Premises, as a holder of the Specified Mortgage or as an owner of the Lessee's interest pursuant to any sale after or in lieu of foreclosure, the following provisions shall apply to the CLT Ground Lease as modifications thereof:

A. No Assignment or Transfer. The making of the Specified Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or Leasehold Estate, so as to require the Specified Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.

B. Status of the Fee Estate. The Lessor represents and warrants that there is no existing mortgage on the fee estate, and so long as the Specified Mortgage shall remain on the Leased Premises, the Lessor and the Lessee shall not subordinate the Lease to any mortgage or lien that may hereafter be placed on the fee

estate. Notwithstanding the foregoing, a state- or local-government entity ("Government Entity") may hold a prior recorded interest (represented by recorded covenants, a mortgage or deed of trust, other lien) on the fee estate if the Government Entity has agreed that in the event it (including its successors and assigns) succeeds to the interest of the Lessor under the Lease by any remedy available to the Government Entity by law or pursuant to its lien, the Government Entity shall recognize all the terms of the Lease and this Rider as though the Government Entity were acting as the Lessor. Such recognition must include, but is not limited to, the provisions of this Rider whereby all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) limitation on assignment of, or sublease under, the Lease, (c) the price at which the Leasehold Estate may be transferred, and (d) the income of successive transferees, assignees or successors, shall, in the event of foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. Further, in such event of the Government Entity succeeding to the interests of the Lessor, the Lessee hereby agrees to recognize the Government Entity as exercising all rights and privileges of the Government Entity as lessor under the Lease and this Rider.

Such agreement by the Government Entity may be evidenced by the agreement between the Government Entity and the Lessor under which the Government Entity's prior recorded interest is derived, or by use of a recognition agreement derived from a sample the Specified Mortgagee may obtain from Fannie Mae. Irrespective of any interest by a Government Entity, the Specified Mortgage shall constitute a first leasehold lien on the Leased Premises and shall have priority over the Lessor's reversionary interest. If the Lessor conveys title to the Leased Land while the Specified Mortgage remains on the Leased Premises, the Lease shall remain in effect with the same priority thereto.

C. Termination, Forfeiture and Modification of Lease. There shall be no termination, forfeiture, or modification of the Lease, except as provided in this Rider, without the prior written consent of the Specified Mortgagee. The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Specified Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease (the "Ground Lease Fee"), and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises. An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease, without prior approval of the Specified Mortgagee, so long as written notice has been delivered to the Specified Mortgagee at least 60 days prior to the effective date of such adjustment with respect to adjustments other than those (i) that were scheduled at the time the Specified Mortgage was given, and (ii) reflecting routine, periodic updates to variable expenses such as property taxes and liability insurance premiums; provided, however, that the Specified Mortgagee shall have the right to arbitrate (as provided herein) any dispute as to an adjustment of the Ground Lease Fee.

D. New Lease. In the event the Lessee's interest in the Lease has been terminated, forfeited, or surrendered as provided in the Lease, and the Specified Mortgage remains outstanding, a new Lease shall automatically be created between the Lessor and the Specified Mortgagee, which Lease shall be for the remainder of the term of the Lease, with the same priority thereto, and shall be subject to the same terms of the Lease as would be applicable pursuant to Section E.1. below where the Specified Mortgagee had accelerated its note, foreclosed on the Specified Mortgage, taken an assignment in lieu of foreclosure, or exercised its other remedies for default.

E. Mortgage Default or Foreclosure. Subject to the following, upon the occurrence of an event of default under the Specified Mortgage (as determined by the Specified Mortgagee—an “Event of Default”), and without the consent of the Lessor, the Specified Mortgagee shall be permitted to accelerate its note, foreclose on the Specified Mortgage, take an assignment in lieu of foreclosure, or exercise its other remedies for default.

Further:

1. Upon the occurrence of an Event of Default under the Specified Mortgage, the Lessee shall immediately notify the Lessor of such Event of Default and shall submit to Lessor copies of all notices the Lessee received from the Specified Mortgagee relating thereto. The Specified Mortgagee and the Lessor shall endeavor to communicate and cooperate in efforts to deal with the circumstances of the Event of Default and the actions the parties may take relating thereto; provided, however, the Specified Mortgagee shall have no obligation to give formal legal notice of the Event of Default to the Lessor.
2. The Lessee and the Specified Mortgagee agree that the Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on the Lessee's behalf. If such cure is not effective and continuing, nothing herein shall be construed to prevent or delay the Specified Mortgagee from its pursuit of foreclosure and any other available remedies. The Lessee shall be responsible to the Lessor for all payments made, and expenses incurred, by the Lessor in curing such default.
3. Should the Lessor not choose to cure an Event of Default as specified above, the Lessor shall nevertheless have the option to purchase from the Specified Mortgagee its interest in the -Leasehold Estate on the Leased Premises for the full amount owing to the Specified Mortgagee under the Specified Mortgage as of the date of closing of the purchase, upon written notice given by the Specified Mortgagee (the "Mortgagee Option Notice") not later than 60 days following acquisition of title to the Leasehold Estate by the Specified Mortgagee by foreclosure or by an assignment in lieu of foreclosure; provided, however, the Specified Mortgagee may give such written notice following the occurrence of an Event of Default under the Specified Mortgage and prior to the completion of foreclosure proceedings. If the Lessor elects to exercise such option to purchase, the Lessor shall give written notice to the Specified Mortgagee of the Lessor's intent to purchase the Leasehold Estate (the "Lessor Option Notice") within 45 days following the Specified Mortgagee's giving of the Mortgagee Option Notice; provided, however, at the option of the Lessor, in the event the Mortgagee Option Notice is given prior to the completion of foreclosure proceedings by the Specified Mortgagee, the Lessor shall, within such 45-day period, be able to give a written notice to the Specified Mortgagee that it will delay giving the Lessor Option Notice until a date that is not later than 30 days following written notice from the Specified Mortgagee of its acquisition of title to its interest in the Leasehold Estate on the Leased Premises.

The Lessor shall complete the purchase of the Specified Mortgagee's interest in the Leasehold Estate within 60 days of giving the Lessor Option Notice. If the Lessor does not complete the purchase within the allotted 60 days, the Specified Mortgagee shall be free to sell its interest to another person or entity. Further, if the Lessor does not complete the purchase within the allotted 60 days, the Lessor agrees to pay to the Specified Mortgagee its costs of holding its interest in the Leasehold Estate from the date of the Lessor Option Notice until the expiration of such 60-day period. If the Lessor does not purchase the Specified Mortgagee's interest in the Leasehold Estate as described herein, the Leasehold Estate may be

transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

4. In the event of foreclosure or assignment in lieu of foreclosure, which results in the conveyance of the Leasehold Estate on the Leased Premises from the Lessee, any adjustment of the Ground Lease Fee to reflect then current fair market rental value as provided in the Lease, shall be subject to the approval of the Specified Mortgagee. The Specified Mortgagee and the Lessor shall attempt to resolve any dispute concerning such adjustment of the Ground Lease Fee, through the normal interaction of the parties, or through formal mediation as the case may warrant. If the dispute remains unresolved, the Specified Mortgagee and the Lessor shall submit the dispute as to the fair market rental value to binding arbitration.

5. In the event the Specified Mortgagee acquires title to the Leasehold Estate on the Leased Premises through foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) any limitation on the assignment of, or sublease under, the Lease, (c) any obligation to target certain populations in marketing the Leasehold Estate to potential transferees, (d) the price at which the Leasehold Estate on the Leased Premises may be transferred, and (e) the income of successive transferees, and their successors and assigns, shall be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. The foregoing sentence shall not be construed to invalidate other Lease provisions regarding permitted use of the Leased Premises. Any transfer or assignment of the Leasehold Estate encumbered by the Specified Mortgage as provided for in this paragraph shall be deemed a permitted sale, transfer or assignment of the Lease and the Leasehold Estate. Further, in such event, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

F. Lease Default. There shall be no forfeiture or termination of the Lease except for (i) the nonpayment of amounts due under the Lease, and (ii) violation of one or more provisions of the Lease addressing the following: (a) prohibition or restrictions on the sale or transfer of the Lessee's interest (however, non-sale transfers resulting from marriage, divorce, death of a spouse, or a transfer otherwise permitted by applicable federal law, may not constitute a basis for default under the Lease, though the Lessor may require such transferee to agree to assume the transferor's obligations under the Lease), and (b) requirement that the Lessee occupy the Leased Premises as primary residence. Provided, however, such forfeiture or termination shall be subject to the Specified Mortgagee's right to cure a monetary default, or otherwise foreclose or take an assignment of the Leasehold Estate in lieu of foreclosure with respect to the Lessee's monetary or non-monetary default. Notwithstanding the foregoing, nothing herein shall be construed to require the Specified Mortgagee to cure any non-monetary default. Further, the Specified Mortgagee shall become subrogated to any and all rights of the Lessee with respect to such curing of a default. If the Lessee's default shall be cured as provided in the Lease, and the Specified Mortgagee shall discontinue its foreclosure or assignment in lieu of foreclosure proceedings, the Lease shall continue in full force and effect as if the Lessee had not defaulted. A default by the Lessee under the Lease shall constitute a default under the Specified Mortgage.

G. Lease Default Notice. Notwithstanding the notice requirements provided in the Lease, no default notice by the Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to the Specified Mortgagee.

H. Insurance. All insurance policies covering the Improvements shall by endorsement name the Specified Mortgagee as an additional insured and loss payee and provide the Specified Mortgagee with 30 days' cancellation notice.

I. Casualty and Condemnation. If the Leased Premises are destroyed or taken to such an extent that the Lease is to be terminated, the insurance proceeds or condemnation award, as the case may be, shall be applied first in an amount sufficient to satisfy the Specified Mortgage. Upon the termination of the Lease as a result of a partial destruction or a condemnation of less than the entire Leased Premises, the total insurance proceeds or condemnation award, as the case may be, shall be paid to an appointed trustee, who shall first apply such insurance proceeds or condemnation award in accordance with the Specified Mortgage for restoration of the Improvements (if such trustee determines that the Improvements may reasonably be restored to a residential use consistent with the Lease), with the balance of such insurance proceeds or condemnation award to be allocated between the Lessor and Lessee as otherwise provided in the Lease. The Specified Mortgagee shall be entitled to participate in (i) the adjustment of all casualty losses and (ii) all condemnation proceedings and settlement discussions. Any insurance proceeds or condemnation award shall be applied in accordance with the Specified Mortgage. The Specified Mortgagee shall also be entitled to participate in the adjustment of the Ground Lease Fee as a result of a partial destruction or taking.

J. Force Majeure. The Lessee shall not be in default where performance is delayed or prevented by "Acts of God," war, civil commotion, strikes, labor disputes or the like.

K. Easements and Alterations. Additions to and alternations in the Improvements may be made as provided in the Lease, as long as the value of the Leased Premises is not diminished. The Lessor, as owner of the fee interest in the Leased Land, shall join in all easements, permits and applications necessary for such development of the Leased Premises as is permitted under the Lease, provided that the Lessor shall have no liability or obligation under such easement, permit or application.

L. Arbitration. The Specified Mortgagee shall have the right to participate in any arbitration or legal proceedings between the Lessor and the Lessee. Any arbitration proceedings shall be conducted in accordance with arbitration statutes applicable in the state where the Leased Premises are located.

M. Merger. If the estates of the Lessor and Lessee are at any time owned by the same person, so long as the Specified Mortgagee has any interest in the security or in the Specified Mortgage, such person shall take all necessary steps to ensure that the Specified Mortgage constitutes a first lien on the combined estate.

N. Sublease. There shall be no modification, cancellation, or surrender of any subleases, or prepayment of rent thereunder without the consent of the Specified Mortgagee. If the Specified Mortgagee forecloses on the Leased Premises, or takes an assignment in lieu of foreclosure, all subtenants shall attorn to such Specified Mortgagee or its assignee.

O. Estoppel Certificate. The Lessor shall, from time to time, with 10 days written notice from the Specified Mortgagee, certify by written instrument, duly executed and acknowledged, to such Specified Mortgagee that the Lease has not been amended, the Lease is in full force and effect, that neither party is in default thereunder, and shall certify as to the existence of any offsets, counterclaims or defenses on the part of the Lessee.

P. Conflict. In the event of a conflict between the terms and provisions of this Rider and the terms and provisions of the Lease, the terms and provisions of this Rider shall control.

BY SIGNING BELOW, the Lessor and the Lessee accept and agree to the terms and conditions of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider at _____ on the day and year first written above.

[Add signatures of Lessor and Lessee and acknowledgments]

**SECTION 5. COMMUNITY LAND TRUST LEASE RIDER FOR OHCS SINGLE-FAMILY
RESIDENTIAL MORTGAGE REVENUE BOND LOAN ("OHCS Rider")**

**Community Land Trust
Lease Rider
For
OHCS Single-Family Residential Mortgage Revenue Bond Loan**

This rider ("Rider") is made the date of the last signature below and is incorporated into, amends, and supplements the Community Land Trust Land Lease Agreement ("Lease") made on the same date by DevNW (referred to in this Rider as "Lessor" and referred to in the Lease as "DevNW") and _____ ("Lessee" and referred to in the Lease as "Homeowner") related to the Land, Improvements, and Permitted Lender in the Lease.

Lessor and Lessee are entering into the Lease and this Rider to further their mutual goals set forth in the Lease. Lessor and Lessee are entering into this Rider in order that Lessee may obtain a loan to purchase Improvements on the Land leased from Lessor. Lessee desires to obtain an Oregon Housing and Community Service ("OHCS") Single-Family Residential Mortgage Revenue Bond Loan ("Loan") from _____, its successors and assigns, as "Lender."

Lender would be unwilling to make the Loan and OHCS would be unwilling to make the Loan without the modifications to the Lease set forth set forth below. OHCS would not make the Loan without the Deed of Trust referenced below that grants OHCS a security interest in the Land.

Lender has made a Loan to Lessee and has been granted concurrently 1) by Lessee a Deed of Trust and security interest ("Deed of Trust") in Lessee's leasehold interest in the Lease and Lessee's ownership interest in the Improvements subject to the Lease and 2) by Lessor a security interest in Lessor's ownership interest in the Land beneath the Improvements. The parties acknowledge and agree that (a) this grant of a security interest by Lessor is adequate consideration for Lessee in this Rider and for all other contractual terms between Lessor and Lessee and (b) the Loan is offered at significantly more favorable terms to Lessee than other terms available in the marketplace.

This Rider amends the Lease for the purpose of (1) enabling Lender to make this Loan, and (2) enabling Lender to sell this Loan to OHCS.

ADDITIONAL COVENANTS. In addition to all terms and conditions of the Lease, Lessor and Lessee further covenant and agree to the following to the extent that Lender or OHCS or their successors and assigns has/have an interest in the Leased Premises:

A. Lender's Deed of Trust is a Permitted Mortgage; Lender is a Permitted Mortgagee. Lessor recognizes Lender's Deed of Trust as a "Permitted Mortgage" under the Lease and recognizes Lender as a "Permitted Mortgagee" under the Lease.

B. No Assignment or Transfer. The making of the Permitted Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or leasehold estate so as to require this Permitted Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.

C. **Modification of Lease.** The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Permitted Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease ("Ground Lease Fee") and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises. An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease.

D. **Lessee Authorization.** Lessee hereby authorizes Lender, OHCS, and Lessor to provide any and all information in the possession of each concerning Lessee's performance under the Lease or Loan, as the case may be, to each other. Lessee further releases and waives any and all claims against Lender, OHCS, and/or Lessor for disclosure of personal financial information as authorized under this Rider.

E. **Access.** Lessee agrees to allow reasonable access to the Leased Premises and improvements by Lender, Lessor, OHCS, and their respective agents, employees, contractors, successors, and assigns.

F. **Costs.** Lessee agrees to pay all costs associated with the Loan that are incurred by Lessor. These costs include without limitation all costs for title searches and insurance, recording fees, assumption fees and costs, transfer taxes, and the like.

G. **Indemnity.** Lessee agrees to indemnify, defend, and hold harmless Lessor for all claims related to the Loan asserted by Lender, OHCS, Lessor, or their successors and assigns, including without limitation all foreclosure and other expenses paid by Lessor to OHCS and all others fees and expenses incurred by Lessor in relation to any financial accommodations to Lessor from OHCS.

H. **Loan Default or Foreclosure.** Subject to the following, upon the occurrence of an event of default under the Permitted Mortgage (as determined by the Permitted Mortgagee—an "Event of Default"), and without the consent of Lessor, the Permitted Mortgagee shall be permitted to accelerate its note, foreclose on the Deed of Trust by notice and sale or judicial proceedings, take an assignment in lieu of foreclosure, or exercise its other remedies for default. Further:

1. Any Event of Default under the Permitted Mortgage shall constitute an Event of Default under the Lease and vice versa subject to any cure provision.
2. Upon the occurrence of an Event of Default under the Permitted Mortgage, Lessee shall immediately notify Lessor of such Event of Default and shall submit to Lessor copies of all notices Lessee received from the Permitted Mortgagee relating thereto.
3. Lessee agrees that Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on Lessee's behalf. Lessee shall be responsible to Lessor for all payments made, and expenses incurred, by Lessor in curing such default.

I. **Lessor's Right to Purchase and/or Assign.** TIME IS OF THE ESSENCE. Any default in the Loan shall be deemed to be a default in the Lease. In addition to all other rights and remedies of Lessor in the Lease and as otherwise provided by law, in the event of Lessee's default under the Loan for any reason:

1. Lessee shall sell the Improvements to Lessor for a price equal to the lower of (a) the appraised value of the Improvements or (b) the amount outstanding on the Loan. Lessor may assign this

right to purchase to an Income-Qualified Person as defined in Article 10 of the Lease ("Purchaser").

2. Upon closing of the purchase, at Lessor's option the Lease shall either be terminated or Lessee shall assign its rights under the Lease to the Purchaser. If Lessor elects that Lessee assign its rights to Purchaser, Lessee shall be deemed to have consented to such assignment and assumption.
3. Any payments made by Lessor to cure any default in the Loan and any unpaid monthly Lease payments shall be applied as credits against the purchase price.
4. Lessee hereby acknowledges and agrees upon Lessor's request to assign the Lease to any Purchaser simultaneously with its purchase of the Improvements.
5. If any Purchaser exercises the right to purchase and meets the OHCS qualifications for the Loan and wishes to assume the Loan, Lessee agrees to fully cooperate with Lessor, OHCS, the Purchaser, any Permitted Lender(s), and any title/escrow companies to complete the transfer of the Improvements, the assumption of the Loan, assignment and assumption of the Lease, the assumption of any existing down-payment assistance or other public or private subsidy loan for which the purchaser is qualified, and any Permitted Lender's new purchase or repair loan to the Purchaser.
6. Lessee further agrees to sign such forms and documents as Lessor, the Purchaser, OHCS, Lender, existing down-payment assistance or other subsidy Permitted Lender, or any title or escrow company shall reasonably request to implement the transfers, assignments, and/or assumptions provided in this section, including without limitation documents related to assignment/assumption of the Lease, assumption of the Loan or other loans, assignment of the right to purchase, conveyance of title to the Improvements, and possession and occupancy of the Improvements by Lessor or another purchaser.
7. In the event that Lessor purchases the Improvements, upon subsequent lease or sale of the Land and sale of the Improvements by Lessor, Lessor agrees to pay to Lessee a portion of any difference between Lessor's purchase price paid to Lessee and Lessor's sale price based on the appreciation sharing formula in section 10 of the Lease. Before applying the formula, however, Lessor shall first deduct from the difference all of its costs and expenses related to the Improvements and Land arising from or related to the default, transfer, and subsequent sale including without limitation additional staff time; unrecovered Lease payments; unrecovered Loan payments made on Lessee's behalf; any collection costs; all finance costs; all repair and replacement costs reasonably necessary for resale; insurance costs; property taxes; utility costs; title, escrow, and recording costs; legal fees; and Lessor's then applicable transfer and administrative fees for all such activities.
8. In the event that Lessor assigns its purchase right to Purchaser who purchases the Improvements, Lessor shall in its sole discretion reasonably attempt to assist Purchaser to increase the amount of the Loan and/or qualify for new loans that would allow it to purchase the Improvements at or closer to the Purchase Option Price as determined under Section 10.9 of the Lease if that is greater than the purchase price established in Subsection 1 above. Lessee,

however, acknowledges and supports Lessor's mission and primary responsibility to retain the Land in trust for low-income persons in the community and acknowledges that numerous factors may limit Lessor's ability to increase the purchase price, including without limitation factors related to the Improvements, the real estate market, Lessor's financial condition, Lessor's portfolio, and the number and financial condition of potential Purchasers. Lessor's duty under this provision is not reviewable for abuse of discretion under any circumstance.

J. Lessor's Right to Excess Proceeds from Foreclosure Sale. In consideration for Lessor's granting a security interest to the Permitted Mortgagee in its Land so Lessee can obtain a Permitted Mortgage on more favorable terms than is otherwise available to Lessee, Lessee assigns its right to receive any excess from the proceeds of the foreclosure sale as defined by Oregon law to Lessor to the extent of the fair market value of the Land unencumbered by the Lease or Deed of Trust at the time of the foreclosure sale. For purposes of this provision, the "excess" shall be computed after taking into account the liens of and/or payment to any junior lienholders on the Land. In the event that this assignment shall, for any reason, become unenforceable, Lessee shall pay the excess to Lessor on terms reasonable in Lessor's sole discretion including without limitation a requirement that Lessee provide security for payment. If the excess exceeds the fair market value of the Land, then Lessee and Lessor agree to share the amount that exceed the fair market value of the Land according to the same percentage contained in Section 10.9 of the Lease.

K. Further Assurances. At any time and from time to time upon request of Lessor, Lessee shall make, execute, and deliver, or will cause to be made, executed, or delivered, to Lessor or its designee, and when requested by Lessor, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such time and in such office and places as Lessor may deem appropriate, any and all security agreements, instruments of further assurance, amendments to this Rider, and other documents as may, in the sole opinion of Lessor, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve the obligation of Lessee to Lessor created by this Rider or the Lease.

L. Merger. So long as Lender or OHCS has any interest in the Land or Improvement, if the estates of the Lessor and Lessee are at any time owned by the same person, such person shall take all necessary steps to ensure that the estates do not merge.

M. Conflicts in Documents. In the event of any conflict between the Lease and this Rider, this Rider shall control. As between the Master Agreement between Lessee and Lender and this Rider or the Lease, the Master Agreement (including the Deeds of Trust from Lessor and Lessee referenced therein) shall control.

[Add signatures of Lessor/DevNW and Lessee/Homeowner and acknowledgments]

**SECTION 6. RIDER TO DEVNW LAND LEASE FOR BENEFIT OF STATE OF OREGON,
OREGON HOUSING AND COMMUNITY SERVICES ("OHCS")**

**DevNW
LIFT Affordability Subsidy Lease Rider
For
OHCS LIFT Program**

This Rider is for Homes receiving LIFT funding from OHCS to make the Homes more affordable and shall govern over any inconsistent terms in the DevNW Land Lease ("Land Lease") to which this Rider is attached.

This LIFT AFFORDABILITY SUBSIDY RIDER (the "Rider") is made this _____ day of _____, _____, and amends and supplements that certain Land Lease dated _____, 20____, that is by and between DevNW (hereinafter referred to as "Lessor" and referred to in the Land Lease as "DevNW") and _____ as lessee (hereinafter referred to as "Lessee" and referred to in the Land Lease as "Homeowner"). This Rider shall be deemed incorporated into the Land Lease and the Land Lease, as amended by this Rider, shall be referred to as the "Land Lease," unless otherwise indicated.

The Land Lease is a long-term lease of Lessor's fee interest in the land located at _____, _____, Oregon _____, referred to herein as the "Leased Land" or "Land" as improved by a residential structure or unit, referred to as "Improvements" or the "Home."

This Rider amends the Land Lease for the purpose of Lessor's ability to receive funds through OHCS' LIFT program to help subsidize the cost of the Land and improvements to the Land, exclusive of a housing structure ("Subsidy") and thereby reduce the cost of the Home to the Homeowner.

The parties to this Rider agree that the criteria and requirements are applicable to any funding through the LIFT program and shall govern over any inconsistent terms in the Land Lease, unless otherwise stated in this Rider.

1. Affordability Period. The affordability period shall be a minimum of twenty (20) years or the length of Article XI-Q Bond issued by the State of Oregon ("Bond") based on the original maturity date identified at the time of the Bond sale, whichever is greater. To the extent the affordability period contained in the Land Lease is greater, then the provisions of the Land Lease as to the affordability period shall govern.

2. Eligible Homeowners. LIFT funding must be made available to Homeowners earning at or below 80% of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development ("HUD") or any successor.

3. OHCS' Security Interest in the Land. The parties to this Rider each acknowledge that OHCS has a deed of trust lien on the Land and in DevNW's leasehold interest as Lessor under the Land Lease.

4. Restrictive Covenants. The parties to the Rider each acknowledge that the Land Lease includes affordability covenants and other covenants and conditions relating to transfer restrictions and

maintenance standards under the Land Lease. The parties to this Rider acknowledge and agree that OHCS shall have the right, as a third-party beneficiary, to enforce the affordability covenants and the other covenants and conditions relating to transfer restrictions and maintenance standards under the Land Lease.

5. Compliance and Oversight. The parties to this Rider agree that OHCS will undertake certain ongoing oversight monitoring with respect to OHCS's rights under this Rider which may include but not limited to:

- (a) Initial household income verification at the time of Home purchase.
- (b) For any Home's subsequent sales during the Affordability Period, verification of the purchasing Homeowner's income.
- (c) Annual notification of Homeowner's being in arrears in the payment of property taxes, insurance and other obligations relating to the Land and Home.
- (d) Verification of appropriate maintenance and repair of the Land and Home as required by the Land Lease.

Homeowner agrees to cooperate with DevNW and OHCS in providing any information and documentation related to the above when requested in writing by DevNW and/or OHCS. Homeowner shall provide such information and documentation not less than twenty (20) days after receipt of the request therefor.

IN WITNESS WHEREOF, the parties have executed this Rider on the date first written above.

[Add signatures of Lessor/DevNW and Lessee/Homeowner and acknowledgments]

SIGNATURE PAGE TO DEVNW MASTER FORM LAND LEASE

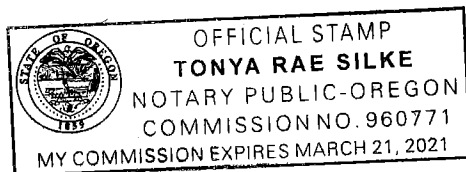
The foregoing Master Form Land Lease is executed this 24th day of August, 2020 and submitted for recording in Lane County, Oregon.

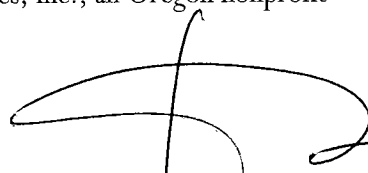
Corvallis Neighborhood Housing Services, Inc., an Oregon nonprofit corporation, dba DevNW

By: 
Emily Reiman, Chief Executive Officer

State of OREGON)
County of Lane) ss

This instrument was acknowledged before me on August 24, 2020, by Emily Reiman, Chief Executive Officer of Corvallis Neighborhood Housing Services, Inc., an Oregon nonprofit corporation, dba DevNW, on its behalf.




Notary Public for the State of Oregon
My commission expires: 3-21-21