

RESOLUTION NO. 2105

A RESOLUTION GRANTING AN EXEMPTION FROM PROPERTY TAXES UNDER ORS 307.540 TO ORS 307.548 FOR RAIN GARDEN APARTMENTS, A LOW-INCOME APARTMENT DEVELOPMENT OWNED AND OPERATED BY CASCADIA BEHAVIORAL HEALTHCARE

WHEREAS, maintaining Wilsonville's existing affordable housing supply is necessary for its continued health and growth; and

WHEREAS, Cascadia Behavioral Healthcare (CBH), a not-for-profit organization, plans to begin construction on the Rain Garden Apartments, an affordable housing development located at 29197 SW Orleans Avenue, Wilsonville OR in April 2008; and

WHEREAS, the Rain Garden Apartments will include 29 units reserved for people with chronic mental illness and one apartment for an onsite manager; and

WHEREAS, the State Division of Addictions and Mental Health (AMH) will transfer ownership of the land on May 14, 2008 or before construction begins ; and

WHEREAS, a property tax exemption is essential to Rain Garden Apartment's continuation as affordable housing; and

WHEREAS, ORS 307.540 to 307.548 authorizes property tax exemptions for affordable housing owned by not-for-profit corporations and occupied by low-income persons; and

WHEREAS, the City of Wilsonville wishes to adopt and/or ratify the policy set forth in those sections; and

WHEREAS, Cascadia Behavioral Healthcare has requested a property tax exemption for its Rain Garden Apartment development, pursuant to ORS 307.543(2); and

WHEREAS, the city of Wilsonville and West Linn-Wilsonville School District property tax levies jointly comprise 73% of the total combined rate of taxation on Rain Garden Apartments; and

WHEREAS, Cascadia Behavioral Healthcare has received an exempt status from the West Linn-Wilsonville School District for the Charleston Apartments for property taxation arising under its jurisdiction unless and until terminated pursuant to ORS 307.548;


NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

- Section 1: The City of Wilsonville adopts the provisions of ORS 307.540 to 307.548.
- Section 2: Cascadia Behavioral Healthcare and its affordable housing development, Rain Garden Apartments, qualify for a property tax exemption pursuant to ORS 307.540 to 307.548.
- Section 3: The Finance Director is directed to request the Clackamas County Assessor to exempt Rain Garden Apartments from taxation by all taxing jurisdictions pursuant to ORS 307.543(2), commencing on the first day of the tax assessment year beginning July 1, 2008.
- Section 4: This Resolution shall take effect upon the occurrence of the following:
- a) Receipt by the Wilsonville City Recorder of an executed Initial Low Income Housing Tax Credit Reservation, offered by the Oregon Department of Housing and Community Services and accepted by Cascadia Behavioral Healthcare, for the purposes of acquiring and rehabilitating Rain Garden Apartments; and
 - b) Submission, to the City of Wilsonville's City Manager, of an application conforming to the requirements of ORS 307.545 requesting a property tax exemption for Rain Garden Apartments.
- Section 5: This Resolution is to remain in effect unless and until termination occurs pursuant to ORS 307.548.
- Section 6: This resolution is effective upon adoption.

ADOPTED by the Wilsonville City Council at a regular meeting there of this 21st day of April, and filed with the Wilsonville City Recorder this date.


CHARLOTTE LEHAN, MAYOR

ATTEST:


Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Lehan	Yes
Councilor Kirk	Yes
Councilor Nunez	Excused
Councilor Knapp	Yes
Councilor Ripple	Yes

APPLICATION

PROPERTY TAX EXEMPTION FOR LOW-INCOME HOUSING HELD BY CHARITABLE, NONPROFIT ORGANIZATIONS

(For Office Use Only)

City of Wilsonville, Oregon

\$250 Application Fee *pd. 4/16/08 Act.*

Date Received: *4/16/08 Act.*

\$50 Renewal Fee _____

Receipt No. _____

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Section A – Applicant Information

Corporate Name: Rain Garden Limited Partnership

Address: c/o Cascadia Housing, Inc. 3034 Martin Luther King Jr. Boulevard Portland, OR 97212

Telephone: (503) 889-2850
Business Residence (Optional)

Email Address: jim@cascadiabhc.org

Chief Executive Officer: Neal Beroz

Contact Person: Jim Hlava Telephone: (503) 889-2850

Section B – Property to be Considered for Exemption

(Sections B, C, and D must be filled out for each building for which you are requesting a tax exemption)

Organization: Rain Garden Limited Partnership

Property Address: 29197 SW Orleans Ave Wilsonville, OR 97070

Assessor's Property Tax Account Number(s): 05019399

(Be sure to identify all account numbers for both land and improvements on the property for which you are requesting tax exemption, in some cases, land and improvements may have separate property tax account numbers.)

Total number of residential units in the building: 30

Number of residential units occupied by very low-income people: 29 (+1 managers unit)

Total square feet in building: 20,883

Total square feet used to house very log-income people¹: 20,883 (including managers unit), 20,258 (without managers unit)

Section C – Leasehold Interest in Eligible Property

Do you own the property in question? X Yes No

If you answered "no" to the above question, do you have leasehold interest in the property?
 Yes No

If yes, please include a statement describing how, as the nonprofit organization, you are obligated under the terms of the lease to pay the ad valorem taxes on this property or other contractual arrangement such that the property tax exemption benefits accrue to the nonprofit agency and the residential tenants served rather than the owner or corporation from whom you lease.

Cascadia Housing, Inc., the non-profit general partner and is responsible for all operating deficits. With the rents we are able to charge the residents, all of which are under 30% area median income, if property taxes were a required payment, it would have to come directly from Cascadia.

¹ This includes halls, baths, dining, and other space dedicated to residential use. Retail uses and other accessory uses not related to residential use are not to be counted.

Section D – Description Of Charitable Purpose/Project Benefit (Use for multiple projects if same conditions apply)

Will the cost savings resulting from the proposed tax exemption enable you to do the following?

1. Reduce the rents that your very low-income residential tenants pay on the property in question? Yes No If so, by approximately how much? \$30/mo/unit
2. Provide greater services to your very low income residential tenants? Yes No.
3. If yes, in what way(s)? This population requires a certain level of resident services be provided. If Cascadia is required to pay property taxes, the result would most likely be a reduction in resident services they are able to provide.
4. Provide any other benefit to your very low-income residential tenants?
 Yes No.
If yes, please explain: _____

If you lease the property identified in this application, to what extent does your lease agreement coincide with the timeframe of the qualifying tax year? Please Explain:

N/A

Section E- Declarations

Please read carefully and sign below before a notary.

1. I have attached to this application the IRS declaration of the status of application as a tax exempt corporation under 26 U.S.C. Section 501(c)(3) or (4).
2. I am aware that the income qualifying tenants must meet the income guidelines in accordance with 42 U.S.C. Section 1437 (a)(b)(2) as amended. See Attachment A, Income Eligibility Schedule). Tenant incomes do not exceed these limitations, as I verily believe.
3. I am aware of all requirements for tax exemption imposed by ORS 307.540-307.545 (Chapter 660 Oregon Laws 1985, as amended by Chapter 756 Oregon Laws 1987) and implemented by Resolution No. 1854 of the City of Wilsonville.
4. The above-described properties qualify or will qualify upon completion of any rehabilitation improvements and subsequent occupancy by very low-income residents for property tax exemption within 30 days of the April 1st application or the date of approval.

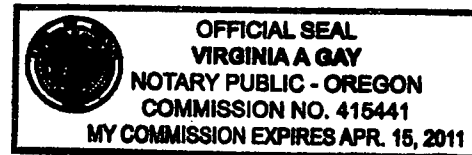
By: *Neal Beroz*
Agency Chief Executive Officer (Signature)

Neal Beroz
Agency Chief Executive officer (Print or typed)

For: Rain Garden, LP
Corporate Name (Print or type)

Subscribed and sworn to before me this 16 day of April, 2008.

Virginia A. Gay
Notary Public For Oregon
My Commission Expires: 4-15-2011



Internal Revenue Service**Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201****Date: July 2, 2002****Person to Contact:****Annette J. Scales 31-07381
Customer Service Representative****Toll Free Telephone Number:****8:00 a.m. to 8:30 p.m. EST****877-829-5500****Fax Number:****513-283-3756****Federal Identification Number:****93-1138328****Cascadia Housing, Inc.
% Neal Beroz
Vice President of Housing Development
3120 SW 5th Ave., Suite 210
Portland, OR 97201****Dear Sir or Madam:**

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on March 21, 2001. We have updated our records to reflect the name and address change as indicated above.

Our records reflect that we issued a determination letter in May 1997 which recognized your organization as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as a private foundation within the meaning of section 509(a) of the Code. In that letter we did not determine whether the organization was an operating foundation as defined in section 4942(j)(3) of the code.

If your organization's purposes, character, method of operations, or sources of support have changed, please let us know so we can consider the effect of the change on the organization's exemption and foundation status.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to the organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Your organization is required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation. Form 990-PF must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is a reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of the organization's gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure the return is complete before filing it.

Your organization is liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA). However, since your organization is a private foundation, it is subject to excise tax under Chapter 42 of the Code. Your organization may also be subject to other federal excise taxes.

-2-

Cascadia Housing, Inc.
93-1138328

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If subject to this tax, the organization must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

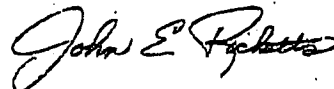
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

As this letter could help resolve any questions about your organization's exemption and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

**WEST LINN – WILSONVILLE SCHOOL DISTRICT
RESOLUTION NO. 2008-7**

A RESOLUTION GRANTING AN EXEMPTION FROM PROPERTY TAXES UNDER OREGON REVISED STATUTES FOR RAIN GARDEN APARTMENTS, AN AFFORDABLE APARTMENT DEVELOPMENT TO BE OWNED AND OPERATED BY CASCADIA BEHAVIORAL HEALTHCARE.

WHEREAS, Cascadia Behavioral Healthcare (CBH), a not-for-profit organization, plans to break ground for the new Rain Garden Apartments, an affordable housing development located within the Villebois master development area in April 2008; and

WHEREAS, one apartment is planned for an onsite manager and the remaining 29 apartments (all studios) are reserved for people with chronic mental illness; and

WHEREAS, a property tax exemption is essential to the development of the Rain Garden Apartments as affordable housing; and

WHEREAS, ORS 307.540 to 307.548 authorizes property tax exemptions for affordable housing owned by not-for-profit corporations and occupied by low-income persons; and

WHEREAS, the District wishes to adopt and/or ratify the policy set forth in those sections; and

WHEREAS, CBH has requested a property tax exemption for its Rain Garden Apartment development, located within the Villebois master development area pursuant to ORS 307.543(2);

NOW, THEREFORE, BE IT RESOLVED THAT, the applicant, CBH, and its affordable housing development, Rain Garden Apartments, qualify for a property tax exemption pursuant to ORS 307.540 to 307.548 and that this resolution remain in effect unless and until termination occurs pursuant to ORS 307.548.

ADOPTED this 14th day of April 2008.


School Board Chair


District Superintendent

*Rec'd 4/16/08
sch*

VILLEBOIS DEVELOPMENT ACCOUNT
CASCADIA BEHAVIORAL HEALTHCARE, INC.
2130 SW 5TH AVE
PORTLAND, OR 97201

1036
24-689/1230

4/16/08 DATE

PAY TO THE ORDER OF CITY OF WILSONVILLE

\$ 250-

TWO HUNDRED FIFTY & NO/100

DOLLARS



Security Features Details on Back.

Capital Pacific Bank
805 SW Broadway, Suite 780
Portland, Oregon 97205
(503) 796-0100

FOR PROPERTY TAX EXEMPT ^{Applic.}

Sara Adams MP

⑆ 23006897⑆ 0110016193⑆ 01036



April 16, 2008

Wilsonville City Council
Attn: Sandy King, City Recorder
Office of the City Recorder
Wilsonville City Hall
29799 SW Town Center Lp. E.
Wilsonville, OR 97070

Re: Property Tax Exemption for Affordable Housing pursuant to ORS 307.540

Dear Council Members:

I am writing to request your consideration of a property tax exemption for Rain Garden Apartments (Rain Garden). Rain Garden will be developed and owned by Cascadia Housing, Inc., the housing arm of Cascadia Behavioral Healthcare, a non-profit organization with over 750 affordable apartments statewide. It will bring 30 affordable apartments to the Villebois Master Development that is currently underway in Wilsonville. Twenty-nine of these apartments will be reserved for people with chronic mental illness; the remaining apartment is reserved for an on-site manager. All apartments, with the exception of a manager's unit, will be studio units. Ground-breaking is scheduled for the first week of May 2008.

With the closure and subsequent demolition of the Dammasch State Hospital, as part of the state's agreement for the development of the Villebois Community, a certain number of projects were set aside and restricted in perpetuity by statute to house/serve persons with mental illness. The Rain Garden Apartments is part of the answer to this promise. Rain Garden will house 29 single adults who are able to live independently. No families will be present and with the size of the units, no families are likely to live in the units in the future. If property tax exemption is awarded, it will help to preserve this property as affordable housing for the next 60 years.

Cascadia is bringing this application to you at this time, prior to the completion of because the investors in the project, the Limited Partner of the Partnership owning the property, Enterprise Community Partners, are requesting proof that property taxes will not be required to be inside of the operating proforma. The addition of property taxes at this point could be devastating to the project and would most likely require Cascadia to charge a higher rent, which for this population would bring a heavy hardship. Therefore, we are coming before City Council early to ensure to all parties that the project will be able to move forward.

On April 14, 2008 the West Linn-Wilsonville School District unanimously voted to approve Resolution No. 2008-7 to support the exemption from property taxes for this property. The City of Wilsonville's similar support of a property tax exemption for Rain Garden would enable Cascadia to bring new affordable special needs housing opportunities to Wilsonville residents. I thank you for your time and consideration.

Sincerely,

Megan Lenahan
Project Coordinator

**OREGON HOUSING AND COMMUNITY SERVICES
9% LOW-INCOME HOUSING TAX CREDIT
RESERVATION AND EXTENDED USE AGREEMENT (AGREEMENT)**

1. Oregon Housing and Community Services ("OHCS") hereby grants a Reservation for a Low-Income Housing Tax Credit Allocation of \$ 371,817 to Rain Garden Limited Partnership ("Owner"), for Rain Garden Apartments consisting of new construction of 1 qualified low-income residential building, 29 qualified low income units and 1 manager unit, to be located at 29197 SW Orleans Ave. Wilsonville, Oregon, 97070.
2. To qualify for an Allocation issued by OHCS on Form 8609, the Owner does hereby agree that Owner shall restrict Project rents and qualifying incomes as follows:

Unit Type	Number of Units	Percent Median Income as Adjusted for Family Size Will Not Exceed*	Rents Not to Exceed the Following Percent of Median Income Described in the Most Current Table of LIHTC Program Rents Published by OHCS**
enter unit type by bedroom size	number of units by bedroom size	percentage of median income to be served assuming all funding source restrictions	rent percent to be used assuming all funding source restrictions
SRO	25	40%	40%
SRO	4	50%	40%

* Table shows income and rent levels rounded up to the nearest tenth percentile, and is based upon representations made in the initial application dated July 27, 2007.

** Maximum restricted program rents for Rain Garden Apartments, based upon the 40/60 is 60 LIHTC program Median Family Incomes rent published for the given bedroom size and county in which the project is located. The project sponsor has represented to OHCS in their application dated July 27, 2007, that the rent and income levels are to be at or less than this maximum. Any revisions to the original application pro forma must be approved in writing by OHCS.

Subject to the rent restrictions of IRC Section 42, Owner may request an increase in rents (within the limits allowed by IRC Section 42) set forth above annually in writing, together with supporting documentation, which shall be deemed approved if not denied or modified by OHCS within 90 days of its receipt at the Owner's request. OHCS also may approve other requests by Owner for rent increases subject to the limits in IRC Section 42.

Net rent allowable under Internal Revenue Code ("IRC") Section 42(g)(2) will be gross rents less a utility allowance.

LIHTC projects awarded Oregon Affordable Housing Tax Credits (OAHTC) maybe eligible to submit a request to the department for an adjustment in project rents after year 20 of the OAHTC credit period. After the department evaluates the projects need for the requested rent increase the rents may be increased to a level to assure financial viability (current standards dictate up to a 1.15 DCR) as long as these rents do not exceed net rent allowable under Internal Revenue Code ("IRC") Section 42.

The Owner shall postpone the earliest right to propose a change of use as provided under IRC Section 42 (h)(6) FROM AFTER YEAR 14 TO YEAR 60 of the Project.

The Owner does further agree that to qualify for an Allocation, the Owner must:

- a) Construct, purchase, or rehabilitate the Project in accordance with local building, health and safety codes and all applicable federal or State regulations;
 - b) Certify to OHCS in a timely manner that the building is placed in service as part of a qualified low-income housing project;
 - c) Provide a final cost certification and financial update of the original application in a form acceptable to or prescribed by OHCS; and
 - d) Record a Declaration of Land Use Restrictive Covenants ("Declaration") in a form satisfactory to OHCS, which shall, among other things, restrict Project rents to the gross rent allowable under IRC Section 42(g)(2) for tenants whose incomes are at or below 60% percent of family adjusted median income and set the earliest right to propose a change of use as provided under IRC Section 42(h)(6) to no sooner than year 60. Said Declaration is hereby incorporated into this Agreement by reference, is precedent to any delivery of final allocation of tax credit by OHCS, and shall contain such other restrictions, covenants, and provisions as are required for the Declaration to comply with IRC Section 42 and OHCS program requirements.
3. This Reservation Agreement dated 12/27/07 shall expire on December 31, 2008, unless extended in writing by OHCS. A carryover allocation made pursuant to OAR 813-90-036(2) and Internal Revenue Code Section 42 shall be a valid extension of this Reservation Agreement.
 4. Allocations are made for each building separately, based on individual applications when placed in service.
 5. OHCS accepts no responsibility for any adverse consequences to the Owner or any other person or entity under IRC Section 42.
 6. This Reservation is non-transferable for use on another property or at a different location.
 7. The Owner represents he/she is the Owner of the Project who has applied for the receipt of Low-Income Housing Tax Credits ("Credit") for the same Project. This Agreement may not be assigned without written approval of OHCS, which permission OHCS may give or withhold at its sole discretion.

Notwithstanding the foregoing paragraph, an interim or construction lender, or other qualified commercial lender may take an assignment of said Credit for security purposes only with the prior

consent of OHCS. However, any such security assignment shall be subject to subsequent approval by OHCS prior to any enforcement of the security interest by the lender.

For purposes of this section, an assignment shall include, but not be limited to, any transfer of an ownership interest in the project or any withdrawal, change or addition of a general partner in a limited or general partnership or of a party in a joint venture.

8. The Owner acknowledges receipt of the draft Declaration enclosed with the Award Letter.
9. The Owner understands that prior to the Project receiving the final allocation of Credit as evidenced by the issuance of Form 8609, the Owner will be required to execute and record said Declaration with such insertions as approved or required by OHCS for this particular Project and provide OHCS with an executed original or certified copy of the Declaration showing due recordation.
10. The Owner hereby agrees to execute and record said Declaration with such insertions as approved by OHCS for the Project and agrees to provide OHCS with an executed original or certified copy of said Declaration showing due recordation.
11. The Owner hereby agrees, understands, accepts, and acknowledges OHCS is under no obligation to issue and deliver a Form 8609 unless the Owner timely presents to OHCS an executed original or certified copy of the Declaration with such insertions as approved by OHCS for the Project showing due recordation.
12. The Owner agrees to fill out and sign Part II of the Form 8609 required to be completed by the building owner for the first year of the credit period and return a copy (without Schedules and other supporting documents) to OHCS for the purposes of compliance monitoring.
13. The Owner agrees to:
 - a) Set the estimated low-income housing commitment period to be 60. This is beyond the minimum 15 year compliance period or until January 1, 2069 , assuming project is placed in service in 2009.
 - b) Serve tenants whose household incomes are equal to or less than 60% percent of family adjusted median income;—
 - c) Establish the earliest date upon which the Owner may request OHCS to procure a qualified contract for acquisition of the Project to after year 29.
 - d) Provide certified financial documentation acceptable to OHCS to satisfy the calculation of a qualified contract and to begin the one-year period for finding a buyer in accordance with IRC Section 42(h)(6) if desired; and
 - e) Maintain the Applicable Fraction for each building of the Project specified in the Low-Income Housing Tax Credit Application as 100 percent, consistent with this Agreement.
 - f) **SERVICES:** Owner will use best efforts to provide the services as stated in the initial Application, dated July 27, 2007. Any significant change in Services as submitted, must be prior approved by OHCS.

14. FUTURE TRANSFER OF OWNERSHIP, QUALIFIED CONTRACT

This Section (choose one of the below)

will

will not

apply to the Project described in this Reservation and Extended Use Agreement

- a) For the purpose of ensuring the Project will continue to be used as affordable housing, Owner hereby agrees to transfer the Project to a "qualified nonprofit organization" [as defined in IRC 42(h)(5)(C)] acceptable to the Owner, OHCS and the mortgage lender after the end of the calendar year falling 15 years after the issuance of the Forms 8609 for the Project, or as soon thereafter as the transfer can be consummated, on the following terms:
- 1) The consideration for the transfer shall be in accordance with the formula in IRC Section 42(h)(6)(F) in an amount equal to the sum of (a) the principal amount of outstanding indebtedness secured by the Project, (b) the adjusted investor equity in the building, and (c) other capital contributions not reflected in the amounts described above, reduced by cash distributions from (or available for distribution from) the project.
 - 2) Owner shall be under no obligation to transfer the project to a qualified organization in the event that no acceptable qualified organization agrees in writing to accept title and assume Owner's obligations before the end of the calendar year falling 15 years after the issuance of the Forms 8609 for the project.
 - 3) In making the determination of the transferee qualified nonprofit organization, first right of refusal shall be given to CASCADIA HOUSING, INC.
 - 4) Any controversy related to the selection of the transferee qualified organization shall be settled by arbitration pursuant to the rules of the American Arbitration Association.
- b) Owner further covenants to use its reasonable best efforts to assure, at the time of the transfer: (i) the Project is generating sufficient cash flow to service Project debt and pay Project operating expenses; and (ii) the Project is in reasonably good physical condition (for a multi-family apartment project of its age and quality).
- c) No provision of this section shall prevent any lender loaning funds secured by the Project from foreclosing on the property or otherwise exercising its full rights as a lender. In the event of a bonafide foreclosure or transfer of the Project to a lender by a deed in lieu of foreclosure, the foreclosing lender shall take the project free and clear of any obligation to transfer the Project to a nonprofit organization or to operate the project as affordable housing except as provided for in IRC Section 42. OHCS or its assigns shall have the right to cure any default to avoid foreclosure and assure transfer as stated above.

15. By accepting this Reservation and Extended Use Agreement, the Owner understands and accepts the risk that: 1) The final tax credit amount or maximum rents agreed to be charged will be reduced in accordance with IRC Section 42(m)(2) if OHCS determines, at its discretion and in keeping with sound underwriting guidelines, that a lesser amount will meet OHCS's financial feasibility test for the development of the Project; 2) The U.S. Internal Revenue Service may change the requirements for the Tax Credit by subsequent regulation; and 3) The tax credit will not exceed the amount shown above, but may be reduced in accordance with IRC Section 42(b)(2) unless the applicable credit percentage is fixed in accordance with IRC Section 42(b)(2)(A)(ii)(I).
16. If this box is checked, the Owner hereby irrevocably elects, pursuant to IRC Section 42(b)(2)(A)(ii)(II), to fix the applicable credit percentage(s) for the Project as the Percentage(s) prescribed by the Secretary of the Treasury for the month of **December** which is the month in which the Reservation is signed and notarized by both the taxpayer and the agency. For the purpose of this election, the rate(s) would be 8.03.
- If this box is checked, owner has made **NO ELECTION** pursuant to IRC Section 42(b)(2)(A)(ii)(I) at the date of the signing of the Reservation and Extended Use Agreement and this Determination Letter.
17. OHCS and the Owner acknowledge this Reservation and Extended Use Agreement constitutes an agreement binding upon OHCS, the Owner, and all successors in interest to the Owner as Owners of the Project, as to the allocation of 2008 tax credit authority to the buildings in the Project, subject to compliance by the Owner with the requirements of IRC Section 42, the Declaration, and the requirements of OHCS.
18. OHCS in its capacity as the tax credit allocating agency has undertaken to make a determination as required by IRC Section 42(h), applying the standards set forth in IRC Section 42(m). OHCS has determined that the Project, as represented, is consistent with the Qualified Allocation Plan of the state under IRC Section 42(m)(1)(D) and that the credits reserved for the Project are not greater than the amount necessary to make the Project financially feasible and viable as a low-income housing project throughout the credit period as provided in IRC Section 42(m)(2). In making this determination OHCS assumes no responsibility to any parties with respect to the project or otherwise.

ALLOCATING AGENCY:

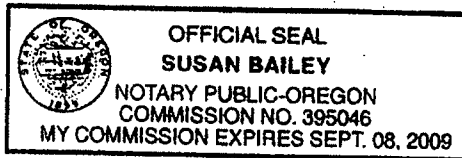
By: Karen Clearwater
Karen Clearwater, LIHTC Program Representative
Oregon Housing and Community Services
725 Summer St NE Ste B, Salem, Oregon 97301-1266

Date: 12-27-07

Taxpayer ID Number 93-0952117-260100

STATE OF OREGON
County of Marion

This instrument was acknowledged before me this 28th day of December, 2007, by
Karen Clearwater



Susan Bailey
NOTARY PUBLIC FOR OREGON
My Commission Expires: 9-8-09

Acknowledged, agreed, and accepted by owner:

Owner: Rain Garden Limited Partnership

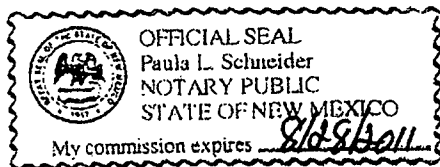
TIN: 26-1608865

By: Neal Beroz Printed Name: Neal Beroz

Title: President, Cascadia Housing, Inc. Date: _____
as Manager, Rain Garden GP, LLC
as General Partner

State of NEW MEXICO
County of BERNALILLO

This instrument was acknowledged before me this 21st day of December, 2007, by
NEAL S. BEROZ



Paula L. Schneider
NOTARY PUBLIC FOR OREGON
My Commission Expires: 8/28/2011