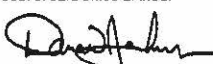



Frantier 19-002470

AFTER RECORDING,
RETURN TO:
City Recorder
City of Newport
169 SW Coast Hwy.
Newport, OR 97365

Lincoln County, Oregon		2020-04458
05/06/2020 11:00:01 AM		
DOC-IRUL	Cnt=1 Pgs=7 Sin=20	
\$35.00 \$11.00 \$10.00 \$60.00 \$7.00	\$123.00	
I, Dana W. Jenkins, County Clerk, do hereby certify that the within instrument was recorded in the Lincoln County Book of Records on the above date and time. WITNESS my hand and seal of said office affixed.		
		
Dana W. Jenkins, Lincoln County Clerk		

MULTIPLE UNIT HOUSING PROPERTY TAX EXEMPTION REGULATORY AGREEMENT

(per Newport Municipal Code Chapter 3.25)

This **MULTIPLE UNIT HOUSING PROPERTY TAX EXEMPTION REGULATORY AGREEMENT** ("Agreement") is entered into as of the 6 day of ^{May}~~April~~, 2020, between the CITY OF NEWPORT ("City"), a municipal corporation of the State of Oregon, and SURF VIEW VILLAGE LLC, a Wisconsin limited liability company ("Owner").

RECITALS

A. Owner holds title to certain real property and improvements located at 101, 111, 121, 131 NE 60th Street, Newport, Oregon, as more particularly described in the legal description attached hereto as Exhibit A (the "Property"). Owner intends to construct an affordable housing project consisting of 24 one-bedroom, 42 two-bedroom and 44 three-bedroom units, one hundred percent (100.00%) to be rented to households earning sixty percent (60.0%) or less of median family income, as determined using the U.S. Department of Housing and Urban Development's, or its successor agency's, annually published rent chart for Lincoln County (the "Project").

B. Owner has applied for a property tax exemption for the Project under Newport Municipal Code 3.25 (the "Code" or the "MUPTE Program").

C. The Newport City Council ("Council") approved a ten (10) year property tax exemption on the improved value of the Project (the "Exemption"), beginning on July 1 of the tax year immediately following the calendar year in which construction is completed and ending on June 30, ten (10) years after such date (the "Tax Exemption Period"), by Resolution No. 3853 dated May 6, 2019 (the "Resolution"). During the Tax Exemption Period, Owner shall continue to pay taxes on the land portion of the Property and any commercial portions of the Property not approved for exemption.

D. As a condition to receiving the Exemption, Owner is required to enter into this Agreement to implement the requirements of the Code, including but not limited to, the Affordability Requirements, as hereinafter defined.

Accommodation Recording only.
No liability assumed.

AFTER RECORDING,
RETURN TO:
City Recorder
City of Newport
169 SW Coast Hwy.
Newport, OR 97365

**MULTIPLE UNIT HOUSING PROPERTY TAX
EXEMPTION REGULATORY AGREEMENT**

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Frantier 19-00240

Accommodation Recording only.
No liability assumed.

AGREEMENT

NOW, THEREFORE, Owner does hereby impose upon the Property the following covenants, restrictions, charges and easements, that Owner expressly intends to run with the land during the Tax Exemption Period by recording this Agreement in the real property records of Lincoln County and shall be binding and a burden upon the Property and all portions thereof, and upon any purchaser, grantee, or owner of any portion of the Property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, or owner of any portion of the Property and any other person or entity having any right, title or interest therein, for the entire Tax Exemption Period.

Section 1. Affordability Requirements and Public Benefits

1.1 Pursuant to the Code and the Resolution, **110** units in the Project shall be leased, rented, or made available on a continuous basis for rental to persons or households whose incomes are **sixty** percent (60.0%) or less of median family income (MFI), as determined using the U.S. Department of Housing and Urban Development's, or its successor agency's, annually published rent chart for Lincoln County, during the Tax Exemption Period (the "Affordability Requirements").

1.2 Owner or representative shall submit annual documentation of tenant income and rents for the affordable units to the City on forms furnished, or deemed acceptable by, the City of Newport Community Development Department. Owner or representative shall also submit to the City annual documentation in the form of standard lease agreements or equivalent, showing that units are not being used as short-term rentals, to enable City to monitor Owner's compliance with this Agreement.

1.3 Owner entered into that certain 4% Low-Income Housing Tax Credit Reservation and Extended Use Agreement, dated as of May 1, 2019 (the "Reservation"), with the State of Oregon, acting by and through its Housing and Community Services Department, pursuant to which Owner received a reservation of an allocation of low-income housing tax credits ("Tax Credits") pursuant to Section 42 of the United States Internal Revenue Code of 1986, as amended (the "Code"). The terms of the Reservation require that Owner restrict the income and gross rents to 100% of the units in the Project, in compliance with the Code and the Tax Credit Requirements.

Section 2. Compliance and Reporting

2.1 For the purpose of this section, the term "tenants" refer to all adults living in a given rental unit. To qualify, tenants should spend no more than thirty percent (30.0%) of their gross income on housing expenses, including allowances for utilities that are either directly paid by tenants or billed back to tenants by Owner for reimbursement.

2.2 Tenants must income qualify at lease-up, but may exceed the affordability requirement by up to twenty percent (20.0%) during the Tax Exemption Period (i.e., tenants who qualify for

sixty percent (60.0%) of MFI restricted units at lease-up may earn up to eighty percent (80.0%) of MFI while living in the unit.

2.3 Documentation referenced in Section 1.2 must be filed before March 1st of each year of the Exemption. Notwithstanding anything contained herein to the contrary, Owner may submit documentation evidencing the Project's compliance with the income and rent restrictions set forth in the Reservation and the Tax Credit requirements, and City may accept such documentation as evidence that the income and rent requirements set forth in Section 2.1, 2.2, 2.4, 2.6 and otherwise in this Agreement have been satisfied.

2.4 If the City determines that the number and unit mix of affordable units is less than the approved percentage or does not match the unit mix of the Project, the next available unit(s) must be rented to households meeting the income requirements and the Project must be brought into compliance with the Affordability Requirements before the next reporting period. If a tenant exceeds the income requirement, plus the additional twenty percent (20.0%) allowed, then the unit is no longer considered qualified as an affordable unit. Another unit in the Project may replace the affordable unit, should it otherwise meet all MUPTE Program criteria.

2.5 If the Project has not met the Affordability Requirements, such non-compliance must be cured by the next reporting year, or the Project will be considered non-compliant.

2.6 Upon termination or expiration of the Exemption or in the case that a tenant no longer income qualifies for an affordable unit, the owner or a representative must provide written notice meeting the requirements mandated by state law to the tenant before a tenant must begin paying market rate rent or need to vacate the unit, assuming the tenant has met all other terms of the rental agreement.

2.7 Upon sale or other transfer of the Property during the Tax Exemption Period, the provisions of the MUPTE Program transfer with the Property. Upon sale or transfer of the Property, the Community Development Department must be provided with updated contact information for the entity acquiring the Property, in addition to a Consent to Transfer and Assignment and Assumption Agreement that is to be executed and recorded against the title to the property, in a form acceptable to the City.

2.8 If, after a Project is approved for the MUPTE Program, and prior to construction being completed, Owner needs to make changes to the application previously submitted, such changes must be submitted to the City. The City will evaluate the change(s) to determine whether or not the Project and the affordability will still be substantially the same if the changes are accepted. The City will consider restructure requests as long as the Project still meets all MUPTE Program requirements.

2.9 Projects for which annual compliance documentation is not submitted in accordance with this Agreement shall be subject to the Exemption being terminated consistent with Newport Municipal Code (NMC) Section 3.25.090.

2.10 If the City determines that the Project fails to meet any of the provisions of ORS 307.600 to 307.637 or NMC Chapter 3.25, the City will take steps to terminate the Exemption consistent with NMC Section 3.25.090.

2.11 Within thirty (30) days after written request is delivered to either party by the other party hereto, the requested party shall issue an estoppel certificate certifying, as of the date thereof: (i) whether any known default exists under this Agreement and, if there are known defaults, specifying the nature thereof; (ii) whether, to its knowledge, the Project continues meet the Affordability Requirements; (iii) whether, to its knowledge, the Project continues to be eligible for the Exemption; (iv) whether, to its knowledge, this Agreement has been assigned, modified or amended in any way (and if it has, then stating the nature thereof); and (v) that, to its knowledge, this Agreement is in full force and effect. Any purchaser from or lender for Owner, or from anyone deriving any interest in the Project through the Owner, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as among the City, Owner and such persons deriving any interest through them.

2.12 Upon the written request of Owner, City shall execute and deliver to Owner, for the benefit of Owner's lender(s) for the Project, an agreement providing that this Agreement and all rights of City hereunder are and will remain subject and subordinate to the lien of the security documents securing each such lender's loans and to the lien of any renewals, modifications, and replacements of such security documents.

[This space left blank intentionally. Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

CITY:

CITY OF NEWPORT, a municipal corporation of the State of Oregon

By: 

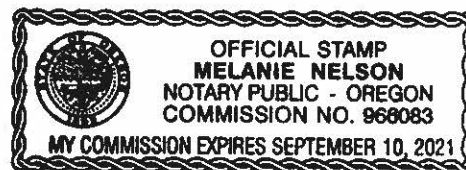
Spencer R. Nebel, City Manager

STATE OF OREGON

County of Lincoln

Signed and sworn to (or affirmed) before me on April 29, 2020, by Spencer R. Nebel, as City Manager, on behalf of the City of Newport.


Notary Public for Oregon



My Commission Expires: Sept 10, 2021

[Signatures Continue on Following Page]

OWNER:

SURF VIEW VILLAGE LLC, a Wisconsin limited liability company

By: Surf View Village MM LLC, Managing Member

By: Commonwealth Holdings, LLC, Managing Member

By: Commonwealth Companies, Inc., Sole Member

By: 

Christopher Jaye, President

STATE OF WISCONSIN

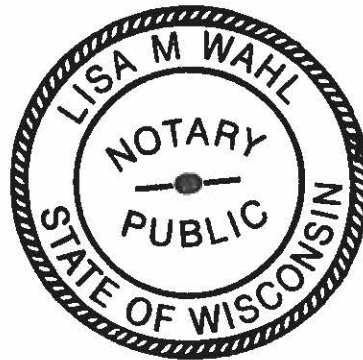
COUNTY OF DANE

Signed and sworn to (or affirmed) before me on May 4, 2020, by Christopher Jaye, the President of Commonwealth Companies, Inc. the sole member of Commonwealth Holdings, LLC, the managing member of Surf View Village MM LLC, the managing member of Surf View Village LLC.



Notary Public for Wisconsin

My Commission Expires: 8/19/2023



**EXHIBIT A
LEGAL DESCRIPTION**

Real property in the City of Newport, of the County of Lincoln, State of Oregon, described as follows:

PARCEL I:

A tract of land located in the Southwest one-quarter of Section 20, Township 10 South, Range 11 West of the Willamette Meridian, Lincoln County, Oregon, said tract being a portion of the tract of land conveyed from Richard and Elaine Crandall to Three J's LLC, recorded in Microfilm 357, page 1294, Lincoln County Film Records, said portion being more particularly described as follows:

Commencing at the South one-quarter corner of said Section 20; thence North 00°02'42" West, along the North-South centerline of said Section 20, 29.80 feet to the Southeast corner of the Frank Passarelli tract as described in Volume 67, page 687 of Lincoln County Film Records; thence along the South line of said Passarelli tract North 89°50'09" West 774.76 feet to the center of a creek; said point being the True Point of Beginning of the following described tract; thence along the center of said creek the following courses and distances: thence North 42°14'45" West 47.76 feet; thence North 22°08'53" West 41.09 feet; thence North 47°58'03" West 159.93 feet; thence North 22°00'00" West 52.00 feet; thence North 08°12'28" East 95.86 feet to the south boundary of that tract of land conveyed from Nicholas P. Clainos to Newport Village, LLC, recorded June 30, 2005 in Document #200510053, Lincoln County Deed Records; thence along said south boundary North 89°50'52" West 431.35 feet to the easterly right of way of U.S. Highway #101 ; thence along said right of way on the arc of a 10,317.40 foot radius curve to the left, the long chord of which bears South 11°22'02" East 329.68 feet for an arc distance of 329.66 feet; thence South 89°50'09" East 538.56 feet to the true point of beginning.

PARCEL II:

A tract of land located in the Southwest one-quarter of Section 20, Township 10 South, Range 11 West of the Willamette Meridian, Lincoln County, Oregon, said tract being a portion of the tract of land conveyed from Mike Port to Three J's, LLC, recorded in Microfilm 372, page 1551, Lincoln County Film Records, said portion being more particularly described as follows:

Commencing at the South one-quarter corner of said Section 20; thence North 00°02'42" West, along the North-South centerline of said Section 20, 29.80 feet to the Southeast corner of the Frank Passarelli tract as described in Volume 67, page 687 of Lincoln County Film Records; thence along the south line of said Passarelli tract North 89°50'09" West 774.76 feet to the center of a creek; said point being the True Point of Beginning of the following described tract; thence continuing along said south line of the Passarelli tract North 89°50'09" West 538.56 feet to the east right of way of Oregon Coast Highway, U.S. Highway #101 ; thence Southeasterly along said right of way to the south line of said Section 20; thence South 89°50'09" East 560.58 feet, more or less, to the center of aforementioned creek; thence North 42°14'45" West, along the center of said creek, 40.36 feet to the true point of beginning.

PARCEL III:

The North 100 feet of that part of the Northwest quarter of the Northeast quarter of the Northwest quarter of Section 29, Township 10 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, lying Easterly of the Easterly right of way line of the Oregon Coast Highway, U.S. Highway #101.

EXCEPTING THEREFROM any portion conveyed to the State of Oregon by and through its State Highway Commission.