

HOUSING REHABILITATION LOAN AGREEMENT
BY AND BETWEEN CITY OF NEWPORT AND
CORVALLIS NEIGHBORHOOD HOUSING SERVICES (dba DEVNW)

This Housing Rehabilitation Loan Agreement ("Agreement") made and entered into this 2nd day of February 2021, by and between the City of Newport, an Oregon municipal corporation, hereinafter known as ("City") and Corvallis Neighborhood Housing Services, Inc., dba DevNW, a Domestic Nonprofit Corporation ("DevNW").

RECITALS:

WHEREAS, the City of Newport received Community Development Block Grants ("CDBG") for housing rehabilitation and related activities in 1991 and 1992; and;

WHEREAS, the CDBG Grants are closed administratively but subject to a Grant Closeout Agreement ("Closeout Agreement") with the State of Oregon for Housing Rehabilitation Programs; and

WHEREAS, the Closeout Agreement is subject to federal and state laws and requires that all activities carried out with the reuse of loan funds be "eligible activities" as defined by law. With certain exceptions noticed in the next paragraph, any income generated from such eligible activities is considered "program income" and is restricted in use.

"Program income" does not apply if income is generated by eligible activities that are carried out by an eligible sub-grantee (e.g., repayments of loans made by and repaid to sub-grantee pursuant to a Sub-Grant Agreement) or if total income from eligible activities received during a single year is less than \$25,000. Such income is considered non-program income (also referred to as "defederalized" or "miscellaneous" income), and can be used for a wider range of activities. These funds are not subject to CDBG regulations; and

WHEREAS, in 2008 City determined that it was desirable to "defederalize" housing rehabilitation loan repayments by transferring them to a Sub-Grantee 501 (c)(3) non-profit agency set up to manage the portfolio in a manner that will "defederalize" the income from the portfolio; and

WHEREAS, to that end City executed a Sub-Grant Agreement with Community Housing Services to carry out eligible activities under the grant Closeout Agreement such that the income from activities will be non-program income, thereby providing maximum flexibility for future reuse of funds; and

WHEREAS, the Sub-Grant Agreement further directed that repayment of housing rehabilitation loan funds to Community Housing Services be placed in a "Lincoln Regional Revolving Loan Fund" to be used according to approved program policies; and

WHEREAS, Community Housing Services, now a part of Community Services Consortium, no longer provides housing rehabilitation loan services and other eligible activities covered under the Sub-Grant Agreement and Closeout Agreement, and has transferred its loan portfolio and related funds to DevNW, a Domestic Nonprofit Corporation capable of providing housing rehabilitation loans to eligible individuals in Lincoln County; and

WHEREAS, a portion of the portfolio and related funds DevNW received from Community Services Consortium may be "program income" subject to the Closeout Agreement; and

WHEREAS, this agreement between City and DevNW is intended to acknowledge that DevNW has replaced Community Service Consortium as City's partner in providing housing rehabilitation loan services to low and moderate income persons, address how the remaining \$163,525 of "program income" is to be managed, and to identify how City can assist and support DevNW in its effort to make housing rehabilitation loans available to Lincoln County homeowners that may not otherwise be able to access such funds.

NOW THEREFORE, it is hereby agreed:

1. The Recitals to this Agreement set forth above are hereby incorporated herein.
2. DevNW hereby agrees to utilize the remaining \$163,525 of program income attributed to the Closeout Agreement for Grant No. H92018, named the Newport Housing Rehabilitation Loan Program, and executed July 2, 1992 (Attachment "A"), in manner consistent with the terms of that Agreement. This includes making funds available to low- and moderate-income persons to rehabilitate residences located within the Newport Urban Growth Boundary.
3. City agrees to terminate its Sub-Grant Agreement with Community Housing Services, dated June of 2008 (Attachment "B") in accordance with the process outlined under Section X of that Agreement, and will make available to DevNW any documents, data, or other resources it receives as a result of the termination that may assist DevNW in its efforts to make housing rehabilitation loans available for residences in Newport.
4. City and DevNW agree to work in good faith with Lincoln County, and area municipalities to update the Memorandum of Understanding for the Lincoln Regional Rehabilitation Program (Attachment "C"), including steps to be taken to improve collaboration and strategies for securing additional funding.
5. DevNW agrees to develop and make available informational materials and staff to effectively advertise its home rehabilitation loan products, and to make such loans available to low- and moderate-income persons with residences in Newport. City will assist in this effort by making informational materials produced by DevNW available on its website and at City facilities, providing DevNW access to City meeting rooms, and by making its staff available as a technical resource.

6. If a dispute arises under this Agreement, the parties agree to try and resolve it through mediation prior to resorting to the courts. The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, without regard to conflict of law principles. Any action or suit involving any question arising under this Agreement will be brought in the appropriate court of the State of Oregon. In any action arising under this Agreement, the prevailing party shall be entitled to such sum as the court may award as reasonable attorney fees and court costs, including any appeal.
7. DevNW may assign its responsibilities under this Agreement upon receipt of City's prior written consent, which consent shall not be unreasonably withheld.
8. No amendments to this Agreement shall be effective unless made in writing and signed by all parties. This Agreement constitutes the entire understanding of the parties with respect to the subject matter herein. There are no understandings, agreements or representations, oral or written regarding this Agreement except as specified or referenced herein.
9. It is agreed and understood that the DevNW will not use more than 20% of program income in performing activities of the Closeout Agreement for administration and program management costs. Fees to the DevNW will be paid incrementally, after program income is obligated to new loans and funds disbursed to pay invoices for rehabilitation or other housing related work.
10. For the housing rehabilitation activities related to the Closeout Agreement, DevNW will provide the City with a status report on the activities and accomplishments on an annual basis. These shall include total funds committed and expended, number of units in progress and completed, and amount of leveraged funds on the projects. In addition, demographic information about the clients served will be kept by DevNW and will be available upon request.
11. DevNW agrees to defend, indemnify and hold harmless the City from and against all claims and demands for loss or damage arising out of, or in any way connected with the DevNW's negligent actions pursuant to this Agreement. The City agrees to defend, indemnify and hold harmless DevNW from and against all claims and demands for loss or damage arising out of, or in any way connected with City's negligent actions pursuant to this Agreement, provided that City's liability, direct and as indemnities, shall not exceed the limits for government liability under the Oregon Tort Claims Act, as amended from time to time.
12. DevNW shall carry out its activities in accordance with the Closeout Agreement and relevant U.S. Department of Housing and Urban Development regulations, federal and state laws, policies and directives.
13. All notices required by this agreement must be in writing and delivered to the parties at the addresses set forth below.


Corvallis Neighborhood Housing Services, Inc. (dba DevNW)
Chief Executive Officer
212 Main Street
Springfield, OR 97477

City of Newport
Community Development Director
169 SW Coast Highway
Newport, OR 97365

14. This Agreement shall become effective once it has been executed by both parties and the Sub-Grant Agreement with Community Housing Services, referenced in Section 3, has been terminated.
15. This Agreement shall sunset at such time as DevNW provides documentation to the City showing that the remaining \$163,525 of program income has been fully expended in accordance with the terms of the Closeout Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates shown hereunder.

CITY OF NEWPORT

By: 
Name: Spencer Nebel
Title: City Manager
Address: 169 SW Coast Highway
Newport, OR 97365

Date: 02-02-21

CORVALLIS NEIGHBORHOOD HOUSING
SERVICES, INC.

By: 
Name: Emily Reiman
Title: Chief Executive Officer
Address: 212 Main Street
Springfield, OR 97477

Date: 2/21/21

Approved as to Form:


David Allen, City Attorney

OREGON COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

GRANT CLOSE-OUT AGREEMENT

This Grant Close-out Agreement is made and entered into by and between the State of Oregon ("State") and the City of Newport ("Grantee"). The Agreement refers to grant number H92018, named the Newport Housing Rehabilitation Loan Program, ("Grant Project") for which a Grant Agreement between the State and the Grantee was executed by the State on July 2, 1992.

This Agreement is intended to establish the purposes for which the Grantee will use program income generated by the grant project and to reaffirm Grantee's obligation to comply with applicable state and federal laws and regulations regarding the expenditure of that program income.

"Program income" is defined as amounts earned by a city or county that are generated from the use of Oregon Community Development Block Grant (OCDBG) funds distributed by the State. Program income includes, but is not limited to the following:

Payments of principal and interest on loans made using OCDBG funds;

Proceeds from the lease or disposition of real property acquired with OCDBG funds;

Interest earned on OCDBG funds held in a revolving fund account; and

Interest earned on any program income pending disposition of such income.

1. This agreement applies to the program income currently on hand and any interest earned and loan payments in the amount of \$14,889 and any subsequent program income that is received by the Grantee while it has an open Oregon Community Development Block Grant with the State.
2. The Grantee certifies that it shall use the above program income for the purpose of continuation of the present housing rehabilitation program for low and moderate income persons for residences within the City of Newport and its Urban Growth Boundary. The offerings of the program may be amended from time to time in accordance with program policies.
3. The Grantee shall manage program income in accordance with regulations of the Department of Housing and Urban Development, 24CFR Part 570 which apply to the state-administered Community Development Block Grant Program and rules established by the State of Oregon, Economic Development Department, OAR Chapter 123, Division 80, as may be amended from time to time.

4. The Grantee agrees that if it at any time elects to stop using the program income for the above-stated purposes, it will return any program income which is on hand at the time the decision is made and all future program income from the grant project to the State. This requirement will not apply to any program income which is received by the Grantee after all of the Grantee's OCDBG grants are closed out.
5. The following special conditions from Exhibit B of the original Grant Agreement continue to apply to the use of program income: None.
6. Other conditions which apply to the closeout agreement are as follows:
 - A. The city shall continue to manage the housing rehabilitation program in accordance with the local rules and procedures established for OCDBG project No. H92018. All changes in those policies shall be reviewed by Oregon Community Development staff prior to implementation.
 - B. The city shall designate no more than 20% of the program income it receives to be used for administrative and program management costs.
7. The Grantee shall comply or cause its agents to comply with all applicable state and federal laws and regulations in administering and distributing the program income identified above, particularly those laws and regulations cited in Exhibit A of this Close-out Agreement.
8. The State shall provide technical assistance to the Grantee as appropriate to assist in the Grantee's compliance with state and federal laws and regulations.
9. The State reserves the right to periodically inspect the Grantee's records to determine that state and federal laws and regulations are being met and to request annual or more frequent reports from the Grantee on its use of program income.
10. Any modification to this Agreement must be approved in writing by the State. Such written modification will be made a part of this Agreement and subject to all other Agreement provisions.
11. The State reserves the right to terminate this Agreement for just cause and without liability, upon notice, practical in the circumstances, to the Grantee. The State reserves the right to terminate this Agreement should the Grantee fail to perform as described in this Agreement. The State may impose sanctions on the Grantee for failure to comply with provisions of this Agreement. When sanctions are deemed necessary, the State may require return of all future program income from the grant project to the State and/or require repayment of program income expended prior to the date of notice of cancellation.

12. This Agreement will terminate at such time as the Grantee has expended any and all program income on hand as of the date of final close-out of this Grant; the Grantee has expended all program income received after Final Close-out while it has other open OCDBG grants; and all other OCDBG grants of the Grantee are closed out.

This Close-out Agreement is hereby executed by the Parties, on the dates set forth below:

STATE OF OREGON
Economic Development Department

BY: *Jefferson Davis for Wayne Hollington*
Manager (Signature) Hollington
Regional Development Division

9/2/94

(Date)

Mike Callan
~~City of Newport~~
(Grantee)
(Signature)
Mayor

(Title)

(Date)

TEMP2095

**GRANTEE'S CERTIFICATIONS OF COMPLIANCE
WITH STATE AND FEDERAL LAWS AND REGULATIONS**

Funds for the Oregon Community Development Block Grant Program are provided through a grant to the State from the U.S. Department of Housing and Urban Development, under Title I of the Housing and Community Development Act of 1974, as amended. These funds are subject to various federal statutes and regulations as well as state laws and administrative rules.

- A. The Grantee hereby assures and certifies that it has complied with all relevant federal and state regulations, policies, guidelines and requirements with respect to the application for and acceptance and use of Oregon Community Development Block Grant funds. Also, the Grantee certifies compliance with the following preaward conditions:
1. The Grantee possesses legal authority to apply for the grant, and to carry out the proposed project.
 2. The Grantee's governing body has duly authorized the filing of the application, including all understandings and assurances contained therein, and directed and authorized the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required. The official representative has sufficient authority to make all certifications on behalf of the unit of government.
 3. The Grantee:
 - (a) is following a detailed citizen participation plan which:
 - (1) provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blighted areas and of areas in which funds are proposed to be used;
 - (2) provides citizens with reasonable and timely access to local meetings, information, and records relating to the state's proposed method of distribution, as required by regulations of the Secretary, and relating to the actual use of funds under Title I of the Housing and Community Development Act of 1974, as amended;

- (3) provides for technical assistance to groups, representative of persons of low and moderate income, that request such assistance in developing proposals, with the level and type of assistance to be determined by the Grantee;
 - (4) provides for a minimum of two public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including, at least, the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped;
 - (5) provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and
 - (6) identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
- (b) has in a timely manner:
- (1) furnished citizens information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low- and moderate-income and the plans of the Grantee for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of such activities;
 - (2) published a proposed statement in such a manner to afford citizens an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the Grantee;
 - (3) held one or more public hearings to obtain views of citizens on community development and housing needs.

4. The Grantee has developed its application so as to give maximum feasible priority to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The application may also include activities which the Grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.
 5. The Grantee has developed a community development plan that identifies community development and housing needs, including the needs of low and moderate income persons, and specifies both short and long term community development objectives and activities to be undertaken to meet such needs.
- B. The activities undertaken in this grant must meet one of three national objectives established by the U.S. Congress. The Grantee covenants the activities it will undertake with the grant will meet the following National Objective (check one):
- ☒ 1. Activities primarily benefitting low and moderate income persons; (24 CFR 570.483(b))
 - ☐ 2. Activities which aid in the prevention or elimination of slums and blight; (24 CFR 570.483(c))
 - ☐ 3. Activities designed to meet community development needs having a particular urgency. (24 CFR 570.483(d))
- C. The Grantee hereby covenants it will comply with all relevant state and federal laws, regulations, policies, guidelines and requirements with respect to the use of Oregon Community Development Block Grant funds. The Grantee specifically covenants to adhere to the following grant requirements.
1. The Grantee will comply with all provisions of Title I of the Housing and Community Development Act of 1974, as amended, and with all related applicable laws, rules and regulations.
 2. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or part with the Title I funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless; (a) Title I funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than Title I funds; or

- (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies that it lacks sufficient Title I funds to comply with the requirements of clause (a).
3. The Grantee's chief executive officer (or other designated officer of the Grantee):
- (a) Consents to assume the status of a responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law which further the purposes of NEPA, as specified at 24 CFR Part 58.
- (b) Is authorized and consents on behalf of the Grantee and himself/herself to accept the jurisdiction of the federal courts for the purpose of enforcement of his/her responsibility as such an official.
4. The Grantee has adopted and will enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction in accordance with Section 104(1) of Title I of the Housing and Community Development Act, as amended.
5. The Grantee will conduct and administer the grant program in compliance with the following requirements:
- (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352), and the regulations issued pursuant thereto (24 CFR Part 1) which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

- (b) Title VIII of the Civil Rights Act of 1968 (42 USC 3601-20), as amended, popularly known as the Fair Housing Act, which provides that all programs and activities relating to housing and community development be administered in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing, and the provision of brokerage services.
- (c) Section 109 of the Housing and Community Development Act of 1974, as amended, which provides that no person in the United States shall, on the grounds of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided by the Federal Government.
- (d) Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project. The Grantee shall cause or require to be inserted in full in all contracts and subcontracts for work financed in whole or in part with assistance provided under this Grant Contract, the Section 3 clause as stated above and set forth in 24 CFR 135.20(b).
- (e) Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 CFR Part 107 regarding equal opportunity in housing and nondiscrimination in the sale or rental of housing built with federal assistance.
- (f) Executive Order 11246, as amended by Executive Orders 11375 and 12086 and implementing regulations issued at 41 CFR Chapter 60 which provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

- (g) The Age Discrimination Act of 1975 (42 USC 6101 et seq) which prohibits discrimination on the basis of age.
 - (h) Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112) which prohibits discrimination with respect to an otherwise qualified handicapped individual.
 - (i) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Federal implementing regulations at 49 CFR Part 24, and the requirements of section 24 CFR Part 570.488.
 - (j) All laborers and mechanics employed by contractors or subcontractors on construction work assisted under this part shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), and the contractors and subcontractors shall comply with all regulations issued pursuant to these Acts and with other applicable Federal laws and regulations pertaining to labor standards. This section shall apply to the rehabilitation of residential property only if such property contains not less than eight (8) units.
 - (k) The requirements imposed by the State concerning special requirements of law, program requirements, and other grant administration requirements, approved in accordance with 24 CFR Part 85 and OMB Circular A-87 as they relate to the acceptance and use of funds provided under this Grant Contract and as modified by the State.
6. No member, officer, or employee of the Grantee, or its designee or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for themselves or those with whom they have family or business ties, for work to be performed in connection with the program assisted under the grant. Grantee shall incorporate, or cause to be incorporated, in all contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this covenant.

The Grantee shall also establish safeguards to prohibit employees from using their position for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

7. The Grantee will comply with the provisions of the Hatch Act which limits the political activity of employees.
8. The Grantee will give the State and the U.S. Department of Housing and Urban Development (HUD) or any authorized representative of the State or HUD access to and the right to examine all records, books, papers, or documents related to the grant.
9. The Grantee will comply with the lead-based paint requirements of 24 CFR Part 35 issued pursuant to the Lead-Based Paint Poisoning Prevention Act (42 USC 4801 et seq).
10. The Grantee will assume the responsibilities for environmental review, decision-making and other action that would otherwise apply to HUD under NEPA and other provisions of law that further the purposes of NEPA, in accordance with section 104(f) of Title I. Grantees will perform reviews in accordance with 24 CFR Part 58 and the other Federal authorities listed at 24 CFR 58.5

Signed 

Title Mayor

City/County City of Newport

SUB-GRANT AGREEMENT

BY AND BETWEEN

CITY OF NEWPORT AND

COMMUNITY HOUSING SERVICES

RECITALS:

WHEREAS, the City of Newport received Community Development Block Grants (CDBG) for housing rehabilitation and related activities in 1991 and 1992; and

WHEREAS, housing rehabilitation grants are subject to Title I of the Housing and Community Development Act of 1974, 42 U.S.C. '5301 - 5321 (1994) ("the Act"), the regulations promulgated pursuant thereto, 24 C.F.R. '570.1-.5 (1997), ORS '285A.075 (1997), and OAR 123-080-0000 to 123-080-0050 (1998), all as may be amended from time to time; and

WHEREAS, the CDBG Grant is closed administratively but subject to a Grant "Closeout Agreement" with State of Oregon for Housing Rehabilitation Programs; and

WHEREAS, the "Closeout Agreement" is subject to federal and state laws and requires that all activities carried out with the reuse of loan funds be "eligible activities" as defined by law. With certain exceptions noticed in the next paragraph, any income generated from such eligible activities is considered "program income" and is restricted in use.

"Program income" does not apply if income is generated by eligible activities that are carried out by an eligible sub-grantee (e.g., repayments of loans made by and repaid to sub-grantee pursuant to a Sub-grant Agreement) or if total income from eligible activities received during a single year is less than \$25,000. Such income is considered non-program income (also referred to as "defederalized" or "miscellaneous" income), and can be used for a wider range of activities. These funds are not subject to CDBG regulations; and

WHEREAS, it is desirable to "defederalize" housing rehabilitation loan repayments by transferring them to a Sub-Grantee 501(c)(3) non-profit agency set up to manage the portfolio in a manner that will "defederalize" the income from the portfolio; and

WHEREAS, the City will utilize Community Housing Services as a sub-grantee to carry out eligible activities under the grant closeout agreement such that the income from activities will be non-program income, thereby providing maximum flexibility for future reuse of funds; and

WHEREAS, repayment of funds to Community Housing Services will be placed in the Lincoln Regional Revolving Loan Fund and used according to approved program policies;

THEREFORE, the purpose is to delegate responsibilities for compliance with the reuse of housing rehabilitation funds under the "Closeout Agreement" of the Community Development Block Grant and its subsequent use from the City of Newport to Community Housing Services.

I. INTENT OF AGREEMENT

It is the intent of this AGREEMENT for Community Housing Services, hereinafter referred to as the SUB-GRANTEE, to provide program management services to the City of Newport, hereinafter referred to as the CITY for eligible activities as per the CITY's CDBG "Closeout Agreement" and for the reuse of funds that become payable to Community Housing Services and become part of the Lincoln Regional Revolving Loan Fund. The nature and scope of the program services are described in the "Specific Provisions" section of this AGREEMENT.

II. CONTENT OF AGREEMENT

This AGREEMENT consists of the following sections:

1. Recitals
2. Specific Provisions
3. General Provisions

SPECIFIC PROVISIONS

I. TERM OF AGREEMENT

The AGREEMENT is for a period beginning June 1, 2008. The Agreement and the provisions herein shall remain in effect as long as the SUB-GRANTEE has responsibilities to meet the "Closeout Agreement" requirements of the CITY.

II. WORK TO BE PERFORMED

The SUB-GRANTEE shall, in a satisfactory manner, carry out the administrative, management and loan fund tasks necessary to complete the activities and work program described in the "Closeout Agreement" of the CITY's completed Community Development Block Grant for Housing Rehabilitation. The SUB-GRANTEE shall also work to defederalize program income and make it a part of the Lincoln Regional Revolving Loan Fund. The work will include the identified activities including:

1. Reuse/Recycling of Program Income into target area.
2. Operation of the Lincoln Regional Revolving Loan Fund

A. Reuse/Recycling of Program Income into Target Area

The SUB-GRANTEE shall reuse program income received from the CITY's housing rehabilitation program to continue housing rehabilitation activities within the city limits in compliance with federal requirements and Program Policies. This reuse of program income shall meet the requirements of the CITY's Closeout Agreements.

Marketing

The SUB-GRANTEE shall market the program and provide sufficient outreach to ensure sufficient applicants are identified from the target area to access the available program funds.

Intake

The SUB-GRANTEE will assist potential applicants in the completion of applications and pertinent documents required for determining potential eligibility to the program. To encourage maximum participation in the program, the SUB-GRANTEE will make provisions for completing the application at the applicant's residence or by other acceptable methods to ensure equal access to services. Eligibility for the program will be determined on the basis of satisfying HUD's 80% of Median Family Income requirements and meeting the requirements as listed in the program policies, including giving priority to applicants meeting less than 60% of HUD's Median Family Income standard for Lincoln County.

Loans

Loans to recipients of rehabilitation funds will be secured by a Note and Trust Deed with a lien placed on the property. The value of the property shall be sufficient to reasonably secure loan repayment. The SUB-GRANTEE shall coordinate the recording, wording and filing of liens, security interests, or other official documents recorded on each rehabilitated property by the County Clerk to ensure proper handling of repayments in future years. Liens shall name Community Housing Services, a 501 (c)(3), as the Beneficiary. Repayments of the loans shall be deposited into the Lincoln Regional Revolving Loan Fund.

Construction Inspection and Monitoring

For each dwelling assisted, the SUB-GRANTEE will complete a detailed inspection and work write-up of the substandard conditions and rehabilitation work to be performed. These will be approved by the owner and made available to contractors for bidding purposes. Owners will be required to obtain a minimum of two bids from licensed and bonded contractors. Contractors selected to perform work will be required to sign a construction contract with the owner of the property.

The SUB-GRANTEE will conduct periodic inspections of work in progress and after completion for compliance with the construction contract and appropriate regulations. Payments to contractors will require approval of work items by the inspector and owner. Any changes to the construction contract will be in the form of written change orders and approved by the contractor, owner and SUB-GRANTEE.

Rehabilitation Files

For each household assisted, the SUB-GRANTEE will maintain individual case files, including application, documentation of eligibility, insurance coverage, title reports, work write-ups, inspection reports, contractor bids, construction contracts, change orders, Trust Deed, Notes, contractor invoices and payments and correspondence relating to the project

The SUB-GRANTEE shall submit a report each year on the amount of program income and other funds received and spent as a result of activities related to the "Closeout Agreement."

B. Lincoln Regional Revolving Loan Fund

The SUB-GRANTEE will operate the Lincoln Regional Revolving Loan Fund. The Fund will use non-program-income for purposes of housing rehabilitation and housing related activities as determined by the Policy Committee and Program Policies. In all cases, the housing-related activities will meet the national objective of principal benefit to low and moderate-income persons.

The Regional Revolving Loan Fund shall be capitalized with the following contributions and assignments.

1. Rehabilitation Loans naming Community Housing Services as the beneficiary from CDBG Housing Rehabilitation grant awards made to governmental entities in 1999 and after who are participating in the Regional Revolving Loan Fund.
2. Rehabilitation Loans naming Community Housing Services as the beneficiary from Program Income reused as required by CDBG Housing Rehabilitation Closeout Agreements.
3. Rehabilitation Loan Portfolios or Program Income transferred to Community Housing Services by governmental entities.
4. Miscellaneous income contributed to the Regional Revolving Loan Fund by governmental entities.
5. Other income made available to the Regional Revolving Loan Fund from private sources.
6. Income resulting from funds deposited with the Regional Revolving Loan Fund.

The SUB-GRANTEE has established a Policy Committee to provide policy decisions on the operation of the Lincoln Regional Revolving Loan Fund. Policy Committee membership is comprised of one representative and an alternate from each of the entities participating in the Lincoln Regional Revolving Loan Fund. The Policy Committee shall review and amend the policies and procedures on how the fund will operate. Policies will

include, but not be limited to, operation of the policy committee, how and where loan funds are to be spent, and determining housing priorities for reuse of funds and amendment of program policies. Governmental entities shall appoint a representative and alternate to the policy committee to represent their interest on the Regional Revolving Loan Fund.

The SUB-GRANTEE, with the advice of the Policy Committee of the Regional Revolving Loan Fund, has established Program Policies that describe how the Regional Revolving Loan Fund operates, the housing activities to be supported, where loan funds will be used, loan terms, and systems for record keeping, reporting and financial management.

The SUB-GRANTEE will seek to enter into Sub-GRANT Agreements with other governmental entities in Lincoln County to become members of the Lincoln Regional Revolving Loan Fund.

The SUB-GRANTEE shall recruit private lenders to participate financially in the Revolving Loan Fund, to make loans to eligible applicants in order to leverage public investment.

The SUB-GRANTEE, Community Housing Services (CHS), is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. CHS received its 501(c)(3) classification as a public charity from the IRS on October 12, 2004.

III. CHANGES IN THE SCOPE OF SERVICES

The CITY or the SUB-GRANTEE may request changes in the scope of the services provided to the CITY. Such changes must be mutually agreed upon by and between the CITY and the SUB-GRANTEE and must be incorporated in written amendments to this AGREEMENT.

IV. COMPENSATION

It is agreed and understood that the SUB-GRANTEE will not use more than 20% of program income in performing activities of the "Closeout Agreement" for administration and program management costs. SUB-GRANTEE will also not use more than 20% of non-program income to perform housing related activities associated with the Lincoln Regional Revolving Loan Fund. Fees to the SUB-GRANTEE will be paid incrementally, after program income is obligated to new loans and funds disbursed to pay invoices for rehabilitation or other housing related work.

VII. RECORDS AND REPORTS

For the housing rehabilitation activities related to the "Closeout Agreement", the SUB-GRANTEE will provide the CITY with a status report on the activities and

accomplishments to date. These shall include total funds committed and expended, number of units in progress and completed, and amount of leveraged funds on the projects. In addition, demographic information about the clients served will be kept by the SUB-GRANTEE and will be available upon request.

VIII. NOTICES

Communications and details concerning this AGREEMENT shall be directed to the following representatives.

CITY

Allen O'Neal, City Manager
City of Newport
169 SW Coast Hwy.
Newport, OR 97365
phone (541) 574-0602
fax (541) 574-0609

SUB-GRANTEE

Thomas A. Hatley
Community Housing Services
545 SW 2nd, Suite A
Corvallis, OR 97333
phone (541) 758-2626
fax (541) 752-2348

IX. HOLD HARMLESS

The SUB-GRANTEE agrees to defend, indemnify and hold harmless the CITY from and against all claims and demands for loss or damage arising out of or in any way connected with the SUB-GRANTEE's negligent actions pursuant to this AGREEMENT. The CITY agrees to defend, indemnify and hold harmless the SUB-GRANTEE from and against all claims and demands for loss or damage arising out of or in any way connected with the CITY's negligent actions pursuant to this AGREEMENT, provided that CITY's liability, direct and as indemnities, shall not exceed the limits for government liability under the Oregon Tort Claims Act, as amended from time to time.

GENERAL PROVISIONS

I. COMPLIANCE WITH APPROVED PROGRAM

All activities authorized by this AGREEMENT shall be performed in accordance with the approved work program, the approved budget, program policies, the grant "Closeout Agreement" and relevant U.S. Department of Housing and Urban Development regulations, federal and state laws, policies and directives.

II. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

The SUB-GRANTEE shall comply with all applicable laws, ordinances, and codes of federal, state and local governments. The SUB-GRANTEE shall assure that all necessary city/county building permits are obtained.

III. STANDARDS OF CONDUCT/CONFLICT OF INTEREST

No member, officer, or employee of the CITY or its designee or agents, no member of the governing body of the city in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the grant. Furthermore, the program shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this certification.

IV. CIVIL RIGHTS

The SUB-GRANTEE and the CITY agree:

- A. That there will be no discrimination against any employee or persons served on account of race, color, sex, religion, ancestry, national origin, age, disability, or familial status in the performance of this AGREEMENT.
- B. That the SUB-GRANTEE and the CITY shall comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d) in regard to persons served.
- C. That the SUB-GRANTEE and the CITY shall comply with Title VII of the Civil Rights Act of 1964 (42 USC 2000e) in regard to employment or applicants for employment.
- D. That the SUB-GRANTEE and the CITY will comply with Executive Order 11246 as amended.
- E. That Minority Business Enterprises, as defined in Title 49 Code of Federal Regulations Part 23, and as it may be amended, shall have the maximum opportunity to participate in the performance of contracts and subcontracts awarded through the CITY.

Affirmative steps must be taken to assure that small, minority and women-owned businesses and firms located in labor surplus areas are used when possible as sources of supplies, equipment, construction and services. Affirmative steps shall include the following:

- 1. Include any such qualified firms on solicitation lists.
- 2. Assure that such firms are solicited whenever they are potential sources.

3. When economically feasible, divide total requirements into smaller tasks or quantities so as to permit such firms maximum opportunities for participation through subcontracting.
4. Where possible, establish delivery schedules which will encourage such participation.
5. Use the services and assistance of the Small Business Administration, the Office of Minority Business Enterprise (Department of Commerce), Oregon Housing and Community Services Department and other sources when appropriate.

V. SECTION 3 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT

The work to be performed under this AGREEMENT is for activities regulated under "Closeout Agreement" with the State of Oregon and with financial assistance from the Department of Housing and Urban Development. As such, it is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing in Lincoln County.

VI. COVENANT AGAINST CONTINGENT FEES

The SUB-GRANTEE warrants that no person or selling agency or other organization has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach of this warrant, the CITY shall have the right to immediately terminate this AGREEMENT without further liability.

VII. ACCESS TO RECORDS

The CITY, the State of Oregon, the U.S. Department of Housing and Urban Development, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the SUB-GRANTEE which are directly pertinent to this specific AGREEMENT, for the purpose of making audit, examination, excerpts, and transcriptions.

The CITY shall be provided a copy of the annual audit of the SUB-GRANTEE, and that annual audit shall show all of the funds that the SUB-GRANTEE has received pursuant to this AGREEMENT.

VIII. PROHIBITION ON THE USE OF FEDERAL FUNDS FOR LOBBYING

No federal appropriated funds have been paid or will be paid, by or on behalf of the SUB-GRANTEE, to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal loan, the entering into of any cooperative agreement, the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this cooperative agreement, the SUB-GRANTEE will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

IX. WORKERS' COMPENSATION

If the SUB-GRANTEE employs one or more workers as defined in ORS 656.027 and such workers are subject to the provisions of ORS Chapter 656, SUB-GRANTEE shall maintain currently valid workers' compensation insurance covering all such workers throughout the period of this agreement.

X. TERMINATION OF AGREEMENT

The CITY or SUB-GRANTEE may, by giving 60 days' written notice, terminate this AGREEMENT, at its option, in whole or in part without cause.

In the event of such termination, all property and finished or unfinished documents, data, studies, and reports purchased or prepared by the SUB-GRANTEE under this AGREEMENT shall be remitted to the CITY, and the SUB-GRANTEE shall be entitled to compensation for any consideration due but not yet paid, in accordance with Section IV of this AGREEMENT.

XI. DISPUTE RESOLUTION

If a dispute arises under this AGREEMENT, the parties agree to try to resolve it through mediation, prior to resorting to the courts.

XII. ATTORNEYS' FEES

If any arbitration, suit, or action is instituted to interpret or enforce the provisions of this AGREEMENT, to rescind this AGREEMENT, or otherwise with respect to the subject matter of this AGREEMENT, the party prevailing on an issue shall be entitled to recover with respect to such issue, in addition to costs, reasonable attorney fees incurred in preparation or in prosecution or defense of such arbitration, suit, or action as determined

by the arbitrator or trial court, and if any appeal is taken from such decision, reasonable attorney fees as determined on appeal.

XIII. NO THIRD-PARTY BENEFICIARIES

Nothing in this AGREEMENT, express or implied, is intended or shall be construed to confer on any person, other than the parties to this AGREEMENT, any right, remedy, or claim under or with respect to this AGREEMENT.

XIV. WAIVER

Any provision or condition of this AGREEMENT may be waived at any time, in writing, by the party entitled to the benefit of such provision or condition. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

XV. SEVERABILITY

If any provision of this AGREEMENT shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this AGREEMENT shall not be in any way impaired.

XVI. ENTIRE AGREEMENT

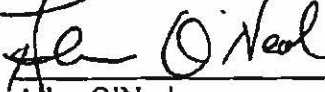
This AGREEMENT constitutes the entire understanding of the parties with respect to the subject matter, thereto superseding all negotiations, prior discussions and preliminary agreements made prior to the date of this AGREEMENT. All modifications of this AGREEMENT shall be in writing and shall be signed by an authorized representative of each party.

COMMUNITY HOUSING SERVICES

CITY OF NEWPORT



Martha Lyon
Executive Director

6/3/08
Date

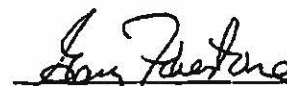

Allen O'Neal
City Manager

6/11/08
Date

APPROVED AS TO FORM:


Annabelle Jaramillo
CHS Governing Board Chair

6/10/08
Date


Gary Firestone
Attorney at Law

6/11/08
Date

CHS Identification Number 31-1677531

MEMORANDUM OF UNDERSTANDING
FOR THE
LINCOLN REGIONAL REHABILITATION PROGRAM

This Memorandum of Understanding is for the Lincoln Regional Rehabilitation Program and is made and entered into by and among Lincoln County, the City of Lincoln City, the City of Newport, the City of Waldport and Community Housing Services (CHS), a 501(c)(3) non-profit.

Community Services Consortium acting for:

The purpose of this Memorandum of Understanding among the parties is to set forth the terms and conditions whereby the municipal entities and CHS agree to plan, operate, manage, administer, and take the lead in submitting a Community Development Block Grant (CDBG) application for Housing Rehabilitation in 2011 and/or 2012. A CDBG application would be submitted to serve all of the Lincoln County Regional area.

RECITALS:

WHEREAS, Lincoln County and the Cities of Lincoln City, Newport and Waldport have previously received Community Development Block Grants (CDBG) for housing rehabilitation and related activities; and

WHEREAS, all of the pre-1999 CDBG Grants are closed administratively but subject to a Grant "Closeout Agreement" with State of Oregon for Housing Rehabilitation Programs and have been transferred to Community Housing Services to be "defederalized" enabling them to become a part of the Lincoln Regional Revolving Loan Fund; and

WHEREAS, all of the 1999 and later CDBG Grants are closed administratively and were subgranted to Community Housing Services, an eligible 501(c)(3) organization that supports ongoing regional housing activities in accordance with the requirements of 105(a)(15) of the Housing and Community Development Act; and

WHEREAS, each of the entities have entered into a Subgrant Agreement with Community Housing Services to carry out eligible activities under the grant closeout agreement and/or as the agency responsible to reuse income generated by loan repayments; and

WHEREAS, each of the named entities have agreed to form a Regional Collaboration and participate in an intergovernmental partnership "The Lincoln Regional Rehabilitation Program"; and

WHEREAS, repayment of funds to Community Housing Services are placed in the Lincoln Regional Revolving Loan Fund and used according to approved program policies; and

WHEREAS, each of the municipal entities is responsible for designating a representative to the Policy Committee of the Lincoln Regional Revolving Loan Fund and may designate a representative to the Lincoln Housing Rehabilitation loan committee.

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

AGREEMENT

1. The AGREEMENT is for a period beginning October 1, 2011 and ending December 31, 2013, or until closeout of a successful 2011 or 2012 CDBG application.
2. It is the intent for Community Housing Services to be the non-profit agency designated to administer and receive loan repayments from a new 2011 or 2012 Housing Rehabilitation CDBG for Lincoln County.
3. It is the intent of Lincoln County, Lincoln City, Newport and Waldport to designate a specific entity to take the lead for the 2011 or 2012 Housing Rehabilitation CDBG application. For the 2011 and 2012 time period, the entity to take the lead to submit a CDBG grant application on behalf of the collaborative is the City of Lincoln City.
4. An application submitted by Lincoln City for the Lincoln County Region will be written such that all areas of the County will be eligible to receive program services.
5. Loan repayments from an awarded 2011 or 2012 CDBG grant will name Community Housing Services as the beneficiary and proceeds will be earmarked for the Lincoln Regional Revolving Loan Fund and used to support ongoing housing rehabilitation projects and other activities as outlined in the Program Policies of the Lincoln Regional Revolving Loan Fund.
6. Community Housing Services has established a Policy Committee to provide policy decisions on the operation of the Lincoln Regional Revolving Loan Fund. The Policy Committee shall review and amend the program policies and procedures on how the fund will operate. Policies include, but are not limited to, operation of Housing Rehabilitation program, how and where loan funds are to be spent, determining housing priorities for reuse of funds and amendment of program policies.
7. Community Housing Services has established a Housing Rehabilitation loan committee. The purpose of the loan committee is to review and either approve or not approve of applicant loan applications that have exceptions to the rehabilitation loan program policies. They are also the body that reviews applicant files and make recommendations on applicant complaints, appeals and grievances.
8. All municipalities participating in this Agreement will provide collaborative support for the Lincoln Housing Rehabilitation program activities. Participation will be expressed by each member designating a representative to be on the Policy Committee of the Lincoln Regional Revolving Loan Fund. Meetings of the Loan Fund will be held as needed and at least once per year. Participation by each municipality may also be expressed by designating a representative to be on the Lincoln Housing Rehabilitation loan committee.

9. Additional municipalities within Lincoln County are encouraged to join this collaborative partnership, particularly those with housing rehabilitation loan portfolios.

OTHER TERMS AND CONDITIONS

1. CHANGES

The municipalities or Community Housing Services may request changes in the scope of this AGREEMENT. Such changes must be mutually agreed upon by and among all parties and must be incorporated in written amendments to this AGREEMENT.

2. RECORDS AND REPORTS

For the housing rehabilitation activities related to the Regional Revolving Loan Fund, Community Housing Services will provide the municipalities with a status report on the activities and accomplishments to date and for each fiscal year. These shall include total funds committed and expended, revenues received from loan payoffs, reuse of loan funds, and current amount of the loan portfolio. In addition, demographic information about the clients served will be kept by CHS and will be available upon request.

3. NOTICES

Communications and details concerning this AGREEMENT shall be directed to the following representatives.

Wayne Belmont
Lincoln County
225 West Olive St.
Newport, OR 97365
Phone: 541-265-4108
Fax: 541-265-4176

Ron Tierney
City of Lincoln City
PO Box 50
Lincoln City, OR 97367
Phone: 541-996-1212
Fax: 541-994-7232

Jim Voetberg
City of Newport
169 SW Coast Hwy.
Newport, OR 97365
Phone: 541-574-0601
Fax: 541-574-0609

Nancy Leonard
City of Waldport
PO Box 1120
Waldport, OR 97394
Phone: 541-563-3561
Fax: 541-563-5810

Tom Hatley
Community Housing Services
545 SW 2nd, Suite A
Corvallis, OR 97333
Phone: 541-758-2626
Fax: 541-752-2348

4. **HOLD HARMLESS**

Community Housing Services agrees to defend, indemnify and hold harmless the municipalities from and against all claims and demands for loss or damage arising out of or in any way connected with CHS's negligent actions pursuant to this AGREEMENT. The municipalities agree to defend, indemnify and hold harmless Community Housing Services from and against all claims and demands for loss or damage arising out of or in any way connected with the municipality's negligent actions pursuant to this AGREEMENT, provided that municipality's liability, direct and as indemnities, shall not exceed the limits for government liability under the Oregon Tort Claims Act, as amended from time to time.

5. **TERMINATION OF AGREEMENT**

Either municipalities or CHS may, by giving 60 days' written notice, terminate this AGREEMENT, at their option, in whole or in part without cause.

6. **DISPUTE RESOLUTION**

If a dispute arises under this AGREEMENT, the parties agree to try to resolve it through mediation, prior to resorting to the courts.

7. **ENTIRE AGREEMENT**


This AGREEMENT constitutes the entire understanding of the parties with respect to the subject matter, thereto superseding all negotiations, prior discussions and preliminary agreements made prior to the date of this AGREEMENT. All modifications of this AGREEMENT shall be in writing and shall be signed by an authorized representative of each party.

LINCOLN COUNTY

CITY OF LINCOLN CITY


Terry Thompson
Chair, Lincoln County Commissioners

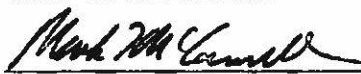
Date


Richard Anderson
Mayor, City of Lincoln City


Date

CITY OF NEWPORT

CITY OF WALDBORT


Mark McConnell
Mayor, City of Newport

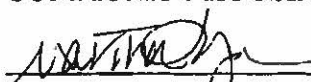
Date


Susan Woodruff
Mayor, City of Waldport

Date

Community Services Consortium for:

COMMUNITY HOUSING SERVICES


Martha Lyon
Executive Director

Date

CHS Identification Number 31-1677531