

RESOLUTION NO. 2103

A RESOLUTION GRANTING AN EXEMPTION FROM PROPERTY TAXES UNDER ORS 307.540 TO ORS 307.548 FOR CHARLESTON APARTMENTS, A LOW-INCOME APARTMENT DEVELOPMENT OWNED AND OPERATED BY NORTHWEST HOUSING ALTERNATIVES, INC.

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

WHEREAS, Northwest Housing Alternatives (NHA), a not-for-profit organization, plans to begin construction on the Charleston Apartments, an affordable housing development located at 11609 SW Toulouse St., Wilsonville OR in May 2008; and

WHEREAS, the Charleston Apartments will include 15 units reserved for people with chronic mental illness and the 36 units designated as affordable housing; 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 Charleston 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, NHA has requested a property tax exemption for its Charleston 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 Charleston Apartments; and

WHEREAS, NHA 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:

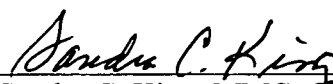
- Section 1: The City of Wilsonville adopts the provisions of ORS 307.540 to 307.548.
- Section 2: NHA and its affordable housing development, Charleston Apartments, qualify for a property tax exemption pursuant to ORS 307.540 to 307.548.
- Section 3: The Finance Director is directed to request the Clackamas County Assessor to exempt Charleston 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 Northwest Housing Alternatives, for the purposes of acquiring and rehabilitating Charleston 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 Charleston 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



2316 SE Willard Street
Milwaukie, Oregon 97222-7740
phone: 503-654-1007

web: www.nwhousing.org
email: info@nwhousing.org
fax: 503-654-1319

*Rec'd 4/4/08
AK*

April 3, 2008

City of Wilsonville
ATTN: Sandy King
29799 SW Town Center Loop E
Wilsonville, OR 97070

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

Dear Ms. King:

Enclosed is an application for a Property Tax Exemption for Charleston Apartments. Charleston Apartments will be developed and owned by Northwest Housing Alternatives (NHA), a non-profit organization with over 1,200 affordable apartments statewide. It will bring 51 affordable apartments to the Villebois Master Development that is currently underway in Wilsonville. Fifteen of these apartments will be reserved for people with chronic mental illness; the remaining 36 apartments will be available to households earning less than 50% of area median income. All apartments, with the exception of a manager's unit, will be one-bedrooms. Ground-breaking is scheduled for May of 2008.

Similar to another NHA affordable housing project in Wilsonville called Autumn Park, NHA is utilizing ORS 307.540 et. seq. to work with the City and the School District on obtaining a property tax exemption. Autumn Park Apartments is 144 units of affordable housing at 10920 Southwest Wilsonville Road and the property tax exemption that Autumn Park received from the City enabled NHA to preserve the property as affordable housing for the next 60 years.

The West Linn-Wilsonville School District has already passed a resolution (attached) exempting Charleston Apartments from property taxes, and I hope that the City will also support our upcoming efforts to exempt the building from property taxes. The City's support of Autumn Park's property tax exemption played a key role in NHA's preservation of that property as affordable housing. Similarly, the City's support of a property tax exemption for the Charleston would enable NHA to bring new affordable and special needs housing opportunities to Wilsonville residents. I thank you for your time and consideration.

Sincerely,

Mandy Byrd
Development Coordinator
503-654-1007 ext. 122

APPLICATION

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

(For Office Use Only)

_____ City of Wilsonville, Oregon

\$250 Application Fee

check # 226891

Date Received: 4/4/08 *ack*

\$50 Renewal Fee _____

Receipt No. _____

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Section A – Applicant Information

Corporate Name: Northwest Housing Alternatives, Inc.

Address: 2316 SE Willard Street
Milwaukie, OR 97222

Telephone: 503-654-1007

Email Address: byrd@nwhousing.org

Executive Director: Martha McLennan

Contact Person: Mandy Byrd

Telephone: 503-654-1007 x 122

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: Charleston Limited Partnership

Property Address: 11609 SW Toulouse St, Wilsonville, OR 97070

Assessor’s Property Tax Account Number(s): 3S1W15 02907

(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: 52

Number of residential units occupied by very low-income people: 51

Total square feet in buildings: 36,293

Total square feet used to house very low-income people:¹ 35,493

Section C – Leasehold Interest in Eligible Property

Do you own the property in question? _____ Yes _____X_____ No

If you answered “no” to the above question, do you have leasehold interest in the property?
_____ Yes _____X_____ 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.

The site is currently owned by the State Division of Addictions and Mental Health (AMH). Charleston Limited Partnership will receive site through a land transfer on May 14, 2008 or before construction commences.

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? Approximately \$50 per unit every month

2. Provide greater services to your very low income residential tenants? Yes No.

If yes, in what way(s)? All costs savings are passed directly through to the tenants in the form of reduced rents.

3. Provide any other benefit to your very low-income residential tenants? Yes No. (Please see above.)

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:

Not Applicable

Section E- Declarations


Please read carefully and sign below before a notary.

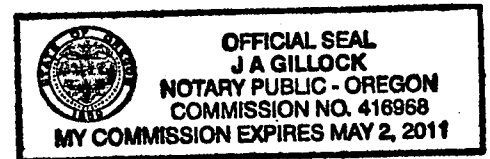
1. I have attached to this application the IRS declaration of the status of application as a tax exempt corporation under 26 U.S.C. Section 501(c)(3) or (4).
2. I am aware that the income qualifying tenants must meet the income guidelines in accordance with 42 U.S.C. Section 1437 (a)(b)(2) as amended. 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 ORS307.540-307.545 (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: 
Martha McLennan

For: Charleston Limited Partnership

Subscribed and sworn to before me this 3rd day of April, 2008.


Notary Public For Oregon
My Commission Expires: 5/2/2011



Attachments

1. Northwest Housing Alternatives IRS 501(c)(3) Tax Exempt Declaration
2. Written Statement of Occupancy Status
3. West Linn – Wilsonville School District Resolution No. 2008-6

Internal Revenue Service
District Director

Department of the Treasury

P O BOX 486
LOS ANGELES, CA 900530486

AUG 24 1988

Date:

NORTHWEST HOUSING ALTERNATIVES INC
2316 SOUTH EAST WILLARD STREET
MILWAUKIE, OR 97222

Employer Identification Number:
93-0814473
Case Number:
958131104
Contact Person:
TERRY IZUMI
Contact Telephone Number:
(213) 894-4170

Our Letter Dated:
Dec.17, 1985
Caveat Applies:
no

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi). Your exempt status under section 501(c)(3) of the code is still in effect.

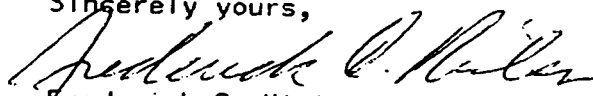
Grantors and contributors may rely on this determination until the Internal Revenue Service publishes a notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(1) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If the heading of this letter indicates that a caveat applies, the caveat below or on the enclosure is an integral part of this letter.

If you have any questions, please contact the person whose name and telephone number are shown above.


Sincerely yours,



Frederick C. Nielsen
District Director

Written Statement of Occupancy Status

1. The Charleston's 51 units will be available exclusively to eligible low-income persons.
2. The Charleston's 51 units are intended to be occupied within one year of Certificate of Occupancy.


Signature

Date

**WEST LINN - WILSONVILLE SCHOOL DISTRICT
RESOLUTION NO. 2008-6**

A RESOLUTION GRANTING AN EXEMPTION FROM PROPERTY TAXES UNDER OREGON REVISED STATUTES FOR CHARLESTON APARTMENTS, AN AFFORDABLE APARTMENT DEVELOPMENT TO BE OWNED AND OPERATED BY NORTHWEST HOUSING ALTERNATIVES, INC.

WHEREAS, affordable housing improves children's educational opportunities and performance by reducing malnutrition and classroom turnover; and

WHEREAS, Northwest Housing Alternatives (NHA), a not-for-profit organization, plans to break ground for the new Charleston Apartments, an affordable housing development located within the Villebois master development area in April 2008; and

WHEREAS, a property tax exemption is essential to the development of the Charleston 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, NHA has requested a property tax exemption for its Charleston Apartment development, located within the Villebois master development area pursuant to ORS 307.543(2);

NOW, THEREFORE, BE IT RESOLVED THAT, the applicant, NHA, and its affordable housing development, Charleston 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 7th day of January 2008.


School Board Chair


District Superintendent / Clerk

NHA-NORTHWEST HOUSING ALTERNATIVES

2316 S. E. WILLARD
MILWAUKIE, OR 97222-7740
(503) 654-1007

Washington Mutual
Milwaukie Financial Center
Milwaukie, Oregon 97222-7602
19-7076-3250

026891

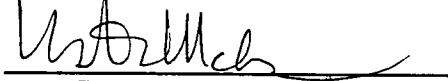

*TWO HUNDRED FIFTY AND XX / 100

DATE	AMOUNT
3/13/2008	*****250.00*

Pay
To The
Order
of:

City of Wilsonville
29799 SW Town Center Loop East
Atten: Finance Department
Wilsonville, OR 97070

TWO SIGNATURES NEEDED IF \$500.00 OR MORE

⑈0 2689 1⑈ ⑆ 3 250 70 760⑆ 25 2⑈ 3000 1 7⑈ 9⑈

Details on back. Security Features Included.

**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 \$689,222 Six hundred eighty nine thousand two hundred twenty two to Northwest Housing Alternatives ("Owner"), for the Village Apartments consisting of new construction of One (1) qualified low-income residential building, with Fifty One (51) qualified low income units and One (1) manager unit, to be located on Toulouse Street, 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
1 BDR	36	50%	50%
1 BDR	15	50%	50%
2 BDR	1	Manager Unit	N/A

* Table shows income and rent levels rounded up to the nearest tenth percentile, and is based upon representations made in the initial application dated August 4, 2006.

** Maximum restricted program rents for The Village 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 August 4, 2006, 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 40 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 sixty (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 2/26/07 shall expire on December 31, 2007, 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 40 years. This is 25 years beyond the minimum 15 year compliance period or until January 1, 2049, 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) Set 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 August 4, 2006. 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 Northwest Housing Alternatives
 - 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 **February 2007**, 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 **8.11**.

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 **2007** 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.

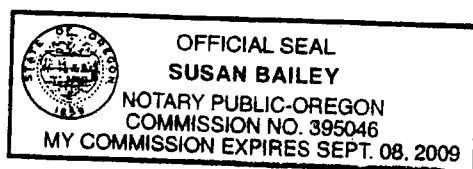
ALLOCATING AGENCY:

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

Date: 2-28-07
Taxpayer ID Number 93-0952117-260100

STATE OF OREGON
County of Marion

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



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

Acknowledged, agreed, and accepted by owner:

Owner: Northwest Housing Alternatives _____

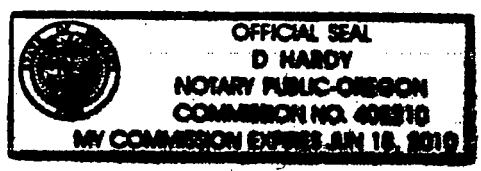
TIN: 93-0814473

By: *Martha McLennan* Printed Name: Martha McLennan

Title: Executive Director Date: Feb 27, 2007

State of Oregon
County of Clackamas

This instrument was acknowledged before me this 27 day of February, 2007, by
Donna Hardy



D. Hardy
NOTARY PUBLIC FOR OREGON
My Commission Expires: 6-18-10

**OREGON HOUSING AND COMMUNITY SERVICES
LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM
HOLD HARMLESS AGREEMENT, 9% TAX CREDIT ALLOCATION**

Project Name: The Village Apartments
Project #: OR07-2696

1. The undersigned is responsible for ensuring that the Project consists or will consist of a qualified low income building or buildings as defined in the Internal Revenue Code Section 42, and will satisfy all applicable requirements of federal tax law in the acquisition, rehabilitation, or construction and operation of the project to receive the low-income housing credit.
2. The undersigned is responsible for all calculations and figures relating to the determination of the eligible basis for the building(s) and understands and agrees that the amount of the credit is calculated by reference to the figures submitted with the Initial Application, as to the eligible basis and qualified basis of the project and individual buildings, the sources and uses of funds and the projected net operating income and is subject to reduction in compliance with the financial evaluation performed when the Project is placed in service.
3. The Undersigned, by making an application to the Oregon Housing and Community Services ("OHCS") for the reservation and/or allocation of housing tax credit dollar amounts as listed in the "Initial Application," **agrees that OHCS will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to attorney's fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment, and loss by judgment from the Internal Revenue Service) directly or indirectly resulting from, arising out of, or related to acceptance, consideration of or approval of the application.**
4. The Undersigned, being duly authorized, hereby represents and certifies that the information provided in the Initial Application, to the best of his/her knowledge, is true, complete and accurately describes the proposed project.
5. I have read the Reservation and Extended Use Agreement and I agree to enter such an agreement as a condition of tax credit reservation and I understand that prior to the Project receiving the final allocation of tax credit as evidenced by the issuance of Form 8609, I will be required to provide the Department with an executed original (or certified copy) of a Declaration of Land Use Restrictive Covenants, showing due recordation, with such insertions based on representations made in this application as approved or required by OHCS for my particular Project.
6. The effect and benefit of any Allocation may be affected by subsequent Internal Revenue Service regulations. OHCS MAKES NO REPRESENTATION CONCERNING ANY TAX CONSEQUENCES RESULTING FROM THE RESERVATION OR ALLOCATION OF LOW-INCOME HOUSING TAX CREDITS AND ACCEPTS NO RESPONSIBILITY FOR ANY ADVERSE CONSEQUENCES TO THE OWNER UNDER SECTION 42 OF THE INTERNAL REVENUE CODE.
7. OHCS IS RELYING ON THE REPRESENTATION OF THE APPLICANT(S) THAT THIS IS OR WILL BE A QUALIFIED LOW-INCOME BUILDING OR PROJECT IN ACCORDANCE WITH SECTION 42 OF THE INTERNAL REVENUE CODE.

8. OHCS has made no representation about the feasibility of this project, nor the effect of the Low-Income Housing Tax Credit upon the taxes of any person or entity connected with this project.
9. OHCS shall only be responsible under the program for Allocation of the State's total yearly Credit Authority of Low-Income Housing Tax Credits and shall not be deemed to be granting said Housing Tax Credits. The determination as to the applicant's entitlement to a Housing Credit is a legal determination to be made by the applicant in conjunction with the U.S. Internal Revenue Service. OHCS is only responsible for granting a certificate (IRS Form 8609) to an applicant, stating that the applicant has been allocated a portion of the State's total yearly Credit Authority for a Qualified Low-Income Building.
10. OHCS may be responsible for notifying the IRS whenever it discovers evidence of noncompliance with Section 42 of the Internal Revenue Code. OHCS shall not be responsible for any subsequent adverse effects such notification may create.

A RESERVATION OF CREDIT MAY BE REVOKED BY OHCS INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

- a) This project is not Placed In Service (PIS) within three years from the Reservation and Extended Use Agreement of low-income housing tax credits or a date mutually agreed to in writing;
- b) Financing is not committed as indicated in the Reservation and Extended Use Agreement; or,
- c) It is determined that the applicant has supplied misleading information.

I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT, TO THE BEST OF MY KNOWLEDGE, AND THAT I UNDERSTAND AND ACCEPT THE TERMS OF THIS APPLICATION.

IN WITNESS WHEREOF, the owner has caused this document to be duly executed in its name on this 26th day of Feb, 2007.

Northwest Housing Alternatives

Legal Name of Owner

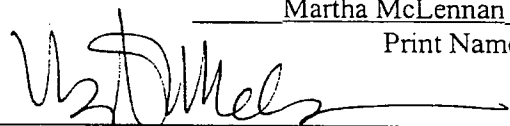
93-0814473

Owner's Taxpayer Identification Number

Martha McLennan

Print Name

By:



Sign Name

Executive Director

Title