

Memorandum of Understanding

Salem Housing Authority

And

Green Light-Home First LLC

This Memorandum of Understanding (“**MOU**”), effective as of _____ 2024, is by and between the Salem Housing Authority (“**SHA**”) and Green Light-Home First LLC (“**GL-HF**”), jointly the “**Parties**”. SHA will be admitted into NE Salem Apartments Limited Partnership (the “**Partnership**”) for the acquisition and construction of a 120-unit affordable housing project to be known as Gussie Belle Commons (the “**Project**”) to be located at 2561 Center Street, Salem, Oregon (the “**Property**”). PRAY-GLA GP LLC, an affiliate of GL-HF, will serve as the general partner of the Partnership, SHA will serve as a special limited partner of the Partnership, Evergreen Community Partners, will serve as a special limited partner of the Partnership, CREA SLP, LLC will serve as a special limited partner of the Partnership, and CREA Salem Apartments, LLC, will serve as the investor limited partner of the Partnership (collectively, the “**Partners**”).

The purpose of the MOU is to establish the basic terms and conditions under which the Parties intend to enter the Partnership.

Background and Intent

In July 2023, GL-HF was awarded \$17,850,000 in Local Innovation Fast Track (LIFT) funding from Oregon Housing and Community Services (“**OHCS**”) for the development of the Project as low-income housing.

GL-HF has since lined up the additional funding needed for the development of the Project, including tax-exempt bonds, 4% low-income housing tax credits, an OR-MEP grant to Evergreen Community Partners who will in turn loan the grant funds to the Partnership, and construction and permanent debt.

Duties

Subject to further refinement during the preparation of the Amended and Restated Limited Partnership Agreement (the “**Amended Partnership Agreement**”), the following is an initial description of duties for SHA and GL-HF respectively:

Green Light-Home First LLC

1. Fund all pre-development expenses required to secure the financial closing of the Project and Property;
2. Benjamin Pray, Mark Desbrow, Home First Development, LLC and Green Light Investments LLC, among others as applicable, will guarantee all loans and operating

performance as is customarily required by lenders and investors for similar affordable housing projects;

3. Indemnify Benjamin Pray, Mark Desbrow, Home First Development, LLC and Green Light Investments LLC, will indemnify, defend and hold harmless the Housing Authority Limited Partner from and against any loss, liability, damage, cost or expense (including reasonable attorney's fees) arising out of or alleged to arise out of any demands, claims, suits, actions or proceedings against the Housing Authority Limited Partner in or as a result of or relating to its capacity, actions or omissions as a limited partner, or otherwise concerning the business or affairs of the Partnership.
4. Oversee Project development, operating proformas and submittals for review;
5. Identify financial partners and negotiate all related documents necessary for debt and equity financing; and
6. Provide ongoing construction, compliance and asset management services to enable the Partnership to meet all of the requirements of selected debt and equity financing partner(s).
7. Neither the General Partner. Partnership nor Limited Partner Enter into any agreement creating any liability of Housing Authority Limited Partner.
8. The General Partner shall not, without the Consent of the Housing Authority Limited Partner any change or modification to the Extended Use Agreement or the affordability restrictions contained in any other Project Document.
- 9.

Salem Housing Authority

1. Secure all necessary approvals required for SHA to enter the Partnership; and
2. Secure on behalf of the Partnership a real estate tax exemption under ORS 307.092 Property of a housing authority, or any other similar exemption as may be possible.

Compensation and Terms

1. For its role as initially described in this MOU, SHA will receive:

1.1 **Participation Fee**: A fee of Eighty-One Thousand Two Hundred Seventy-Five and 00/100 Dollars (\$81,275.00), with 50% of the fee paid at closing and the remaining 50% paid at stabilization, as further defined in the Amended Partnership Agreement.

1.2 **Priority Asset Management Fee**: An annual fee of \$125 per unit (\$15,000) commencing on April 1, 2026 and for each April 1st thereafter so long as SHA continues in its capacity as a special limited partner of the Partnership, paid [as an above line operating costs] in priority from operating cash flow ahead of any deferred developer fee, incentive management fee, or other cash flow distributions, as further defined in the Amended Partnership Agreement. This fee shall be payable within 90 days of the end of each calendar year.

1.3 **Cash Flow Asset Management Fee**: An annual fee of \$50 per unit (\$6,000) payable after any deferred developer fee, but prior to any incentive management fee or other operating cash flow distributions, as further defined in the Amended Partnership Agreement. This fee shall be payable within on or before April 1, 2026 and each April 1 thereafter so long as SHA continues in its capacity as a special limited partner of the Partnership.

2. **Option and Right of First Offer**. SHA shall be provided an option and right of first offer to acquire the Project which shall be subordinate to the rights of GL-HF and its affiliates.

3. **Extended Regulatory Agreement**. The Partnership shall enter into a Regulatory Agreement, subordinate to all other regulatory agreements or covenants applicable to the Project, pursuant to which the Project will remain affordable to households at or below 80% of the area median income for a period of sixty (60) years.

4. **Withdrawal Rights**. SHA shall have the right to withdraw from the Partnership upon (i) a material breach by the Partnership of the affordability restrictions applicable to the Project; (ii) any act of fraud, intentional misconduct or gross negligence by the General Partner; (iii) the Project is not operated in accordance with applicable requirements under the Housing Authorities Act; (iv) the operation of the Project or any specifically-identified acts of the Partnership or General Partner in connection therewith are adverse to the written goals and missions adopted by the Housing Authority or (v) the Project is not maintained in a safe and habitable condition or (vi) any act or omission of the General partner which constitutes a default by the General Partner under the Partnership Agreement.

5. The officers, directors, staff and employees of the SHA shall not have liability under the terms of the Partnership Agreement or any loan documents.

6. The liability of SHA under the Partnership Agreement shall be limited to its partnership interests and all fees to be paid to SHA that accrue following such default.

7. Following expiration of the low-income housing tax credit compliance period and the exit of the investor limited partner, SHA shall receive 10% of available operating cash flow.

Compliance with Laws

SHA and Green Light-Home First LLC shall comply with all applicable laws, ordinances, rules, regulations, and orders of any appropriate authority bearing performance of work described in this MOU and subsequent Amended Partnership Agreement. All matters relating to validity, performance, interpretation, or construction of this MOU and subsequent Amended Partnership Agreement, or the breach hereof, shall be governed by the law of the State of Oregon.

SIGNATURE ON THE FOLLOWING PAGE

HOUSING AUTHORITY OF THE CITY OF SALEM,
an Oregon housing authority

By: _____
Keith Stahley, Executive Director

GREEN LIGHT – HOME FIRST LLC,
an Oregon limited liability company

By: Home First Development, LLC,
an Oregon limited liability company,
Manager

By: _____
Benjamin Pray
Manager

By: Green Light LLC,
an Oregon limited liability company,
Manager

By: _____
Mark N. R. Desbrow
Managing Member