

Exhibit A

Draft 8/16/2016

CONTINGENT LOAN AGREEMENT

This CONTINGENT LOAN AGREEMENT ("Agreement") is entered into this [] day of [], 2016, by and between the CITY OF PORTLAND, OREGON, a municipal corporation (the "City"), and HOME FORWARD, a public body corporate and politic of the State of Oregon ("Home Forward").

WHEREAS, Home Forward, by its Resolution No. 16-06-02 adopted on June 21, 2016 (the "Resolution"), authorized the issuance of its Multifamily Housing Refunding Revenue Bonds, 2016 (Lovejoy Station Apartments) (the "Bonds"), in an amount not to exceed \$[] for the purpose of providing the funds with which to refinance the costs of the cost of constructing a 181-unit apartment complex in Portland, Oregon, known as the Lovejoy Station Apartments (the "Project") to provide housing for persons or families of lower income; and

WHEREAS, the City desires to support and assist in providing affordable housing units within the City and by Ordinance No. [] passed on [], 2016, approved the form and execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

Article I

Related Documents: Definitions

Section 1.01 Related Documents. Home Forward has entered into a Trust Indenture (including any amendments or supplements thereto, the "Indenture") between Home Forward and Zions Bank, a division of ZB, National Association, as Trustee and a Trust Deed (the "Trust Deed") relating to the Bonds. The Indenture and the Trust Deed are attached hereto as Exhibits A and B, respectively. Home Forward shall not amend the Indenture or the Trust Deed in any manner that could have an adverse effect on the City's obligations hereunder without the prior written consent of the City so long as this Agreement is in effect.

Section 1.02 Definitions. Unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for purposes of this Agreement.

Additional Bonds means any bonds or notes issued pursuant to Section 2.8 of the Indenture.

Adjusted Net Operating Income means Project Revenues less Insurance Proceeds (other than proceeds of business interruption insurance), Condemnation Awards, proceeds resulting from foreclosure of the Trust Deed and interest earnings on the foregoing amounts, and less Operation and Maintenance Costs.

Amounts Available for Contingent Loan Repayment means Net Operating Income less amounts of Project Revenues or General Revenues used to fund or replenish the accounts in the Bond Fund, plus General Revenues.

Bond Fund means the fund of that name created by the Trustee pursuant to Section 4.2 of the Indenture.

Bonds mean the Multifamily Housing Refunding Revenue Bonds, 2016 (Lovejoy Station Apartments), in the original principal amount of \$[] issued by Home Forward for the purpose of refinancing the cost of constructing the Project.

Contingent Loan Amounts means the funds advanced to Home Forward under this Agreement and the interest thereon.

Coverage Ratio means the ratio of Adjusted Net Operating Income to Required Debt Service.

Debt Manager means the Debt Manager of the City, the City Treasurer, the Director of the Bureau of Revenue and Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Agreement.

Extraordinary Maintenance Expenses means the cost of those unforeseen repairs and improvements, and other expenses, that are necessary, in the opinion of Home Forward (or, if the Trustee has appointed a receiver for the Project, in the opinion of the Trustee, its professional advisors or its agents), for the viability of the Project.

General Revenues means all revenues of Home Forward from any source (other than Project Revenues), except as provided in the next sentence. Revenues shall not be considered "General Revenues" if applicable laws, regulations, contracts, or covenants, existing now or hereafter, prohibit use of those revenues to pay the Bonds or repay advances made by the City under this Agreement.

Investment Earnings means all earnings derived from the investment of money held in any of the Funds held by the Trustee under the Indenture.

Management Plan means Home Forward's plan for stabilizing the Project, including an operating budget. The operating budget may include Home Forward's necessary overhead costs and any other information the City may reasonably require.

Net Operating Income means Project Revenues less Operation and Maintenance Costs.

Operation and Maintenance Costs means all necessary costs to Home Forward of operating and maintaining the Project, including but not limited to administrative and general expenses, costs of insurance (including reasonable contributions for self insurance reserves, if any), consulting and technical services and repairs and replacements (to the extent not property classifiable as capital costs) and reasonable reserves therefor, but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature,

operating reserve contributions and debt service on the Bonds and any other obligations of Home Forward relating to the Project. For purposes of computing the Coverage Ratio, Operation and Maintenance Costs shall not include: Extraordinary Maintenance Expenses, payments in lieu of taxes or costs paid from reserves or Insurance Proceeds (other than business interruption insurance).

Project Revenues means (1) all amounts due to or received by Home Forward or by the Trustee for the account of Home Forward pursuant or with respect to the Project, including without limitation all lease payments, payments on contractors' bonds, Insurance Proceeds and Condemnation Awards and proceeds resulting from foreclosure of the Deed of Trust, but excluding refundable security deposits, and (2) all Investment Earnings other than Investment Earnings to be transferred to the Reserve Account to maintain the balance in the Reserve Account at the Reserve Requirement for the Bonds and any Additional Bonds.

Refunding Bonds means any bonds issued to refund all or a portion of the Bonds.

Required Debt Service means the amount required to pay principal of and interest on the Bonds and any Additional Bonds when due, including amounts required for the mandatory redemption of Bonds pursuant to Section 3.2(2) of the Indenture.

Reserve Account means the account of that name in the Bond Fund.

Reserve Requirement (1) with respect to the Bonds, as of any date of calculation, an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (or 10% of the original aggregate principal amount of Bonds less original issue discount if the Bonds are sold with more than a de minimis amount (2%) of original issue discount), (b) maximum annual debt service on the Bonds, and (3) 125% of average annual debt service on the Bonds, and (2) with respect to any Additional Bonds, the amount described in Section 2.8 of the Indenture. As of the Date of Issue, the Reserve Requirement with respect to the Bonds shall be \$[____], which is equal to maximum annual debt service on the Bonds.

Trustee means Zions Bank, a division of ZB, National Association, or its successor, as trustee under the Indenture.

All other capitalized terms used but not defined in this Agreement shall have the meanings assigned to them in the Indenture.

Article II

Loans to Home Forward

Repayment Terms: Interest Rate: Limitation of Liability

Section 2.01 Loans to Home Forward. The City agrees to request that the City Council appropriate funds necessary to lend to Home Forward from time to time as required to maintain the Reserve Account at the Reserve Requirement. The City shall lend amounts to Home Forward pursuant to this Agreement for the purpose of meeting its obligations under the Bonds and the Indenture if Home Forward is otherwise unable to meet those obligations from Net Operating Income or from General Revenues.

The total amount of funds to be lent to by the City pursuant to this Agreement shall not exceed the principal amount of the Bonds and any Additional Bonds plus interest due and unpaid by Home Forward, less amounts originally deposited in the Bond Fund from bond proceeds. All funds lent to Home Forward shall be delivered by the City to the Trustee and used to replenish the Reserve Account. No loan funds shall be requested after all Bonds and Additional Bonds have been retired, defeased or redeemed.

All such loans will be secured by the Trust Deed, as set forth therein, and shall be evidenced by a promissory note from Home Forward.

Section 2.02 Notice to City Regarding Project Status.

(1) Home Forward shall provide to the City copies of all annual audited financial statements of Home Forward within 10 days of receipt thereof by Home Forward. Such statements shall be prepared at least annually.

(2) If any such annual audited financial statement reveals that the Coverage Ratio for the Project is less than 1.20 to 1, Home Forward shall notify the City.

(3) If any annual audited financial statement reveals that the Coverage Ratio for the Project is less than 1.20 to 1, Home Forward shall so notify the City and shall, if requested by the City in writing, submit to the City within 30 days of receipt of such request from the City, for approval, a Management Plan to increase the Coverage Ratio to at least 1.20 to 1 within the next 12 months.

(4) If there is a draw on the Reserve Account that is not replenished within 10 days, Home Forward shall submit to the City, within 30 days, for its approval a Management Plan to replenish the Reserve Account to the Reserve Requirement from Project Revenues or General Revenues and to provide a Coverage Ratio of 1.20 to 1 within the next 12 months.

(5) Any Management Plan submitted pursuant to Section 2.02(3) or (4) shall be subject to the following provisions:

(a) At the time the Management Plan is submitted, Home Forward shall also notify the City of the amounts, if any, that it projects it will request to borrow under this Agreement during the next year. If Home Forward projects that it will request a loan under this Agreement, the Management Plan shall also include a repayment schedule for Contingent Loan Amounts.

(b) The City may require Home Forward to raise Project rents to levels necessary to replenish the Reserve Account to the Reserve Requirement and/or to provide a Coverage Ratio of 1.20 to 1, so long as those rent levels do not exceed the levels permitted by law and any restrictive covenants by which the Project is bound.

(c) The City may, but is not required to, appoint a Project manager (which may be the City) as part of the Management Plan.

Failure of Home Forward to deliver the Management Plan within such 30-day period or to make reasonable efforts to comply with the Management Plan shall constitute an event of default under Section 5.01.

(6) If the City staff and Home Forward are unable to reach agreement on a Management Plan, City staff will present a proposed plan to the City Council along with the City Debt Manager's request for appropriation. Home Forward also may present a proposed plan to the City Council at that time. The City Council may approve either plan, with or without modifications. The plan and any modifications approved by the City Council shall constitute the Management Plan hereunder and shall be subject to subsection (5) of this section.

Section 2.03 Timing and Procedures for Loan Requests.

(1) Under the Indenture, the Trustee is required, within two Business Days of any withdrawals from the Reserve Account that cause amounts on deposit to be less than the Reserve Requirement, to give written notice to Home Forward and the City of such withdrawal, which notice shall state the amount of such withdrawal. The Trustee is also required, under the Indenture, to notify the City of any deficiency in the Reserve Account within two Business Days of any valuation date described in the first paragraph of Section 4.3(3) of the Indenture, but only if such deficiency does not result from a withdrawal from the Reserve Account of which notice has already been given. On the last Business Day of January in each year, if the balance in the Reserve Account is less than the Reserve Requirement, the Trustee shall give written notice (the "Appropriation Notice") to the City and Home Forward stating the amount required to restore the Reserve Account to the Reserve Requirement on that date (the "Appropriation Amount"). Within 30 days of its receipt of any Appropriation Notice from the Trustee, Home Forward shall certify to the City the amount, if any, of General Revenues it expects to be available to replenish the Reserve Account to the Reserve Requirement, but such estimate shall not affect the amount of any loan hereunder.

(2) All loans hereunder shall be evidenced by a promissory note given by Home Forward to the City at the time the first loan is made.

(3) If the City receives an Appropriation Notice from the Trustee as described in Section 2.03(1), the City Debt Manager shall present to the City Council a request to appropriate the Appropriation Amount to make a loan to Home Forward, from any funds of the City legally available for that purpose.

(4) The City shall notify the Trustee and Home Forward of the amount of any such appropriation within 15 days of the City Council action effecting such appropriation, and also shall notify Home Forward of an approved Management Plan. If the City Council does not appropriate or otherwise make funds available to make a loan as requested by Home Forward, the obligation of the City to make the loan shall terminate for the upcoming fiscal year to the extent the City has not appropriated such funds, and such termination shall not constitute an event of default hereunder. The City shall give to Home Forward and the Trustee written notice of such nonavailability of funds as soon as reasonably practicable, but in no event more than 15 days after the City Council approves its budget for the upcoming fiscal year failing to appropriate such funds. If the Trustee has not received notice from the City by July 1 pursuant to

this subsection (4), the Trustee shall assume that no funds have been appropriated for the fiscal period.

(5) The City Council shall have no legal obligation to appropriate funds as requested hereunder; however, once funds have been appropriated, the City shall be obligated to the extent the City has appropriated the Appropriation Amount, to transfer that amount to the Trustee to replenish the Reserve Account if requested as provided in subsection (7).

(6) Pursuant to the Indenture, on the first Business Day of July of each calendar year in which an Appropriation Notice is sent, the Trustee is required to give written notice (the "Transfer Notice") to the City stating the amount, if any, required to restore the Reserve Account to the Reserve Requirement on that date (the "Transfer Amount").

(7) If funds have been appropriated by the City Council, as provided in Section 2.03(4), the City shall deliver to the Trustee for deposit into the Reserve Account no later than the Business Day immediately preceding July 15 of that year, the lesser of (i) the Transfer Amount specified in the Transfer Notice, or (ii) the amount appropriated by the City in response to the Appropriation Notice.

Section 2.04 Repayment Terms.

(1) Home Forward shall repay the principal of such advance and interest thereon quarterly, on the first business day of each January, April, July and October, from all Amounts Available for Contingent Loan Repayment unless otherwise provided in the approved Management Plan. If no Amounts Available for Contingent Loan Repayment are available to make any quarterly payment, Home Forward shall so certify to the City. Home Forward shall disburse Project Revenues in the following order:

- (a) to pay Operation and Maintenance Costs;
- (b) to make deposits to the Principal and Interest Account in the Bond Fund as required by the Indenture;
- (c) to make deposits to the Reserve Account sufficient to maintain the Reserve Requirement;
- (d) to repay any loans under this Contingent Loan Agreement; and
- (e) [to make debt service payments, if any, to the Portland Housing Bureau ("PHB"), as required under Section 2 of the promissory note(s) evidencing the loan from the PHB to Home Forward].

(2) If, after the Bonds are no longer outstanding, there are outstanding loan amounts owing from Home Forward to the City, unless Home Forward is in material compliance with a Management Plan, the City may foreclose the Trust Deed by the most expeditious method chosen by the City, after giving Home Forward at least 90 days' notice.

Section 2.05 Interest Rate. The rate of interest borne by each advance hereunder shall be the rate being earned from time to time on the City's investment pool as determined and certified by the City Debt Manager. The City shall give notice to Home Forward of the applicable interest rate 15 days before each quarterly payment is due.

Section 2.06 Loans Not a Debt of the City. The obligation of the City to make a loan to Home Forward under Section 2.01 hereof is subject to appropriation of funds by the City for the fiscal period in which payments are requested pursuant hereto and shall not in any way be construed to be a debt of the City in contravention of any applicable charter, constitutional or statutory limitation or requirements concerning the creating of indebtedness by the City.

Article III

Home Forward Covenants and Agreements

Section 3.01 Payments to the City. Home Forward shall reimburse the City for all out-of-pocket costs, including attorneys' fees, incurred by the City in negotiating and entering into this Agreement.

Section 3.02 Insurance and Loss.

(1) Upon the City's written request, at any time that a loan is outstanding under this Agreement, Home Forward shall add the City as an additional insured to all policies of insurance against loss and/or damage to the Project. Home Forward shall provide copies of such policies to the City.

Section 3.03 Insurance Proceeds and Condemnation Award. Upon receipt of Insurance Proceeds or a Condemnation Award in an amount that exceeds 10% of the Bonds then outstanding, Home Forward shall determine whether to repair the Project or redeem Bonds after prior consultation with Bond Counsel and obtaining the prior written consent of the City if electing not to repair the Project.

Section 3.04 Other Covenants.

(1) Home Forward will comply with all other agreements relating to the Project, the Bonds or any Additional Bonds. It will refrain from any action that will result in rendering the Bonds taxable.

(2) The Project will not be sold or transferred during the term of the Agreement.

(3) Except for the restrictive covenants disclosed in writing to the City on or before the effective date of this Agreement, Home Forward will not enter into any restrictive covenants with respect to the Project without the prior written consent of the City.

Section 3.05 General Revenues. Home Forward agrees with the City that Home Forward shall use its best efforts to conduct its affairs so that its General Revenues in each year will be sufficient to pay all amounts that are estimated to be required to be paid from General Revenues in that year: (i) to pay the Bonds; (ii) to repay advances made by the City under this

Agreement; (iii) to pay any other obligations of Home Forward that are secured by a contingent loan agreement or similar agreement with the City; and (iv) to repay any loans made by the City under any agreement described in clause (iii) of this sentence.

Section 3.06 Noncompliance. Failure of Home Forward to adhere to the conditions set forth in this Article III shall not relieve the City of its obligation to make loans under this Agreement.

Article IV

City Covenants

Section 4.01 Compliance with Continuing Disclosure Requirements. The City will comply with all terms set forth in the continuing disclosure agreement executed by the City for the purpose of meeting the conditions of paragraph (b)(5) of United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), as applicable to a participating underwriter for the Bonds.

Section 4.02 Designation of City as Agent. Home Forward agreed to designate the City as an agent with permission to make continuing disclosure filings relating to the Bonds on the MSRB's EMMA system or any successor continuing disclosure filing system.

Article V

Rights and Remedies

Section 5.01 Events of Default. Home Forward shall be in default under this Agreement if (1) it fails to make when due any payment on outstanding loan amounts when Net Operating Income or General Revenues are available (after payment of debt service on the Bonds and any Additional Bonds) to make such payment, (2) an Event of Default (as defined in Section 5.01 of the Trust Deed and/or Section 7.1 of the Indenture) has occurred and is continuing, or (3) it fails to deliver or make reasonable efforts to comply with the Management Plan as required by Section 2.02.

However, if by reason of acts of God, strikes, lockouts, acts of public enemies, insurrections, riots, epidemics, civil disturbances, or any other similar cause or event not reasonably within the control of Home Forward, Home Forward is unable to deliver or comply with a Management Plan, or an Event of Default (as defined in Section 5.01 of the Trust Deed and/or Section 7.1 of the Indenture) has occurred and is continuing, Home Forward shall not be deemed in default during the continuance of such inability.

Section 5.02 Rights of City Upon Making Loans. If the City has made any loans to Home Forward hereunder and such loans and interest thereon have not been repaid in full, the City may take any one or more of the following steps:

(1) If the City has made loans under this Agreement in an amount equal to more than twice the Reserve Requirement, and whether or not Home Forward is in default, the City may, but is not required to, direct the Trustee to cause the extraordinary mandatory redemption of all

the Outstanding Bonds in accordance with Section 3.2(3)(c) of the Indenture, but only if the City Council has appropriated the amounts necessary to pay all principal and interest due upon that extraordinary mandatory redemption. In addition, the City shall consult with Home Forward before directing such extraordinary mandatory redemption and shall work with Home Forward to reach a mutually agreeable repayment schedule to prevent such extraordinary mandatory redemption.

(2) If Home Forward is in default in its repayment obligations with respect to any loans made to Home Forward by the City hereunder (a "Home Forward Default") and if, and only if, the Bonds are no longer outstanding the City may (a) declare the entire principal balance of the loan (if not then due and payable) to be due and payable immediately together with all interest accrued thereon to the date of such acceleration, and (b) foreclose its lien on the Project, anything in this Agreement to the contrary notwithstanding. The City may waive such Home Forward Default and may rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent Home Forward Default or impair any right incident thereto.

Section 5.03 Right to Enforce Agreement. Either party may proceed to protect and enforce its rights in equity or at law for mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as it may deem most effectual to protect and enforce any of its rights or interests hereunder.

Section 5.04 No Remedy Exclusive. No remedy conferred upon or reserved to the City by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or thereafter existing at law or in equity or by statute, and either party hereto shall be free to pursue, at the same time, each and every remedy, at law or in equity, which it may have under this Agreement, or otherwise.

Section 5.05 No Implied Waiver. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. For the exercise of any remedy, it shall not be necessary to give any notice, other than such notice as may be expressly required herein.

Section 5.06 Agreement to Pay Attorney's Fees and Expenses. If a default arises under any provision of this Agreement and either party hereto should employ attorneys or incur other expenses for the collection of amounts due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the other party contained in this Agreement, on demand therefor the non-prevailing party shall pay or reimburse the prevailing party for the reasonable fees of such attorneys and such other expenses so incurred.

Section 5.07 City's Consent. The City shall respond promptly to any request from Home Forward for the City to consent hereunder or under the Indenture.

Article VI

Miscellaneous

Section 6.01 Governing Law; Venue. This Agreement is governed by and shall be construed in accordance with the substantive laws of the State of Oregon and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Agreement shall be brought in the Circuit Court in and for Multnomah County and/or in the United States District Court of Oregon.

Section 6.02 Notice. All notices or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified or registered mail, postage prepaid and return receipt requested, as follows:

To the City: City of Portland
 Debt Manager
 Office of Management and Finance
 1220 SW Fifth Avenue, Room 1250
 Portland, OR 97204

To Home Forward: Home Forward
 Executive Director
 Home Forward
 135 SW Ash Street
 Portland, OR 97204

The City or Home Forward may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, requests or other communications shall be sent. Notices shall be deemed served upon deposit of such notices in the United States mail in the manner provided above.

Section 6.03 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and Home Forward and their successors. This Agreement may not be assigned, except that Home Forward shall have the right to assign to the Trustee its right to obtain funds, if available, from the City hereunder for the benefit of the owners of the Bonds.

Section 6.04 Severability. In the event any provision of this Agreement shall be held to be invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.05 Amendments; Refunding Bonds. This Agreement may not be effectively changed, modified or altered, except by an instrument in writing duly executed by the City and Home Forward (or their successors in title). If the Bonds are rated by a rating agency, then no such amendment shall be permitted unless Home Forward, or the Trustee on behalf of Home Forward, has received written confirmation from the rating agency that such amendment will not result in a reduction or withdrawal of the rating on the Bonds. If the Bonds are not rated by a rating agency, then no such amendment will be permitted unless the parties make a determination, after a reasonable investigation, that such amendment will neither (i) adversely

affect the owners of the Bonds nor (ii) increase the possibility of Home Forward requesting funding by the City pursuant to this Agreement.

If Home Forward issues Refunding Bonds at any time, all references in this Agreement to "Bonds" shall be deemed to be references to "Refunding Bonds" for all purposes, without further action by the parties hereto, but only with the consent of the City.

Section 6.06 Waiver of Breach. No waiver of any breach of any covenant or agreement contained herein shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant, agreement, or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults that were in existence at the time such payment or payments or performance were accepted by it.

Section 6.07 No Rights Created in Third Parties. The terms of this Agreement are not intended to establish nor to create any rights in any persons or entities other than the City, Home Forward and the respective successors and assigns of each.

Section 6.08 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

Section 6.09 Termination of Agreement. This Agreement shall terminate upon payment in full of all principal of and interest on the Bonds (or defeasance thereof pursuant to Article IX of the Indenture), and the repayment in full of all Contingent Loan Amounts.

Section 6.10 Execution in Counterparts. This document may be executed in counterparts.

[Signature Page to Follow]

*[Signature Page – Contingent Loan Agreement – Home Forward Multifamily Housing
Refunding Revenue Bonds, 2016 (Lovejoy Station Apartments)]*

IN WITNESS WHEREOF, the City and Home Forward have caused this Agreement to
be executed in their respective names by their duly authorized officers.

CITY OF PORTLAND, OREGON

By

CHARLIE HALES
Mayor

MARY HULL CABALLERO
Auditor

Approved as to Form:

City Attorney

HOME FORWARD

By

MICHAEL BUONOCORE
Executive Director