

MADRAS MRC-CITY COUNCIL MEETING & EXECUTIVE SESSION

Tuesday, June 11, 2024 at 5:30 PM

City Council Chambers, 125 SW "E" Street, Madras, OR 97741

Telephone (541) 475-2344 www.ci.madras.or.us

This meeting is open to the public. Audio/Video of the meeting will be available on our website within 24 hours following the meeting. This agenda includes a list of the principal subjects anticipated to be considered at the meeting. However, the agenda does not limit the ability of the Council to consider additional subjects. Meetings may be canceled without notice. The chat feature in Zoom is only available during Public Comments portions of the meeting. Zoom participants should use the "raise your hand" feature during these times to alert the moderator that they would like to speak.

Join via Zoom:

<https://us02web.zoom.us/j/2912614668?pwd=MIJ3Zzh0Yz0ZkhwOTZ0REgrWTFYdz09>

Passcode: **5414752344**

Join via teleconference:

From a cell phone: **971-247-1195**

From a land line phone: **1-877-853-5257**

Meeting ID: **291 261 4668#**

Participant ID: **#**

Passcode: **541 475 2344#**

MADRAS REDEVELOPMENT COMMISSION AGENDA

I. Call Commission Meeting to Order

II. Pledge of Allegiance and Prayer

III. Roll Call

IV. Public Comments (please limit to 3 minutes)

The Commission reserves the right to limit the number of speakers pertaining to the same topic in the interest of meeting efficiency and expediency.

V. Amend or Accept MRC Agenda

VI. Regular Agenda

1. Discussion on fees for taxing districts within an Urban Renewal District
Will Ibershof, City Administrator, Jeremy Green
2. Sagebrook Estates Subdivision Phase I & II HURD Application
Nicholas Snead, Community Development Director
3. Amendment to Initiative Brewing MRC Lines of Credit to Adjust First Payment Date.
Nicholas Snead, Community Development Director
4. Independent Audit Report and Financial Statements for the Madras Urban Renewal Agency
Kate Knop, Finance Director

VII. Additional Discussion

VIII. Adjourn Commission Meeting

CITY COUNCIL AGENDA

I. Call Meeting to Order

II. Roll Call

III. Public Comments (please limit to 3 minutes)

The Council reserves the right to limit the number of speakers pertaining to the same topic in the interest of meeting efficiency and expediency.

IV. Amend or Accept Regular Agenda

V. Visitor Presentation(s)/Proclamations

1. Presentations by the Airshow of the Cascades, the Jefferson County Chamber of Commerce, and Two Community Grant Applicants

VI. Regular Agenda

1. Independent Audit Report for the City of Madras and Madras Urban Renewal Agency
Kate Knop, Finance Director
2. Election and Certification of De Minimis Indirect Cost Rate
Kate Knop, Finance Director
3. DLCDD Housing Planning Grants Matching Funds IGA.
Nicholas Snead, Community Development Director
4. Police Department Purchase of Body Worn Cameras
Tim Plummer, Police Chief
5. Draft Code Compliance Policy and Procedures Manual for Code Enforcement Program
Nicholas Snead, Community Development Director
6. Discussion on Strategic Goals for Fiscal Year 2024-2025
Will Ibershof, City Administrator
7. Discussion on Signing Authority for Airport - T-Hangars, North Hangar, Tie Downs, Courtesy Car
Jeff Hurd, Public Works Director
8. Amendment No. 1 to Hangar Lease New Moon
Jeff Hurd, Public Works Director
9. Purchase of SL- Sewer Rat
Jeff Hurd, Public Works Director
10. Hoffman Park Master Plan
Jeff Hurd, Public Works Director
11. T Hangar Lease - Dave Heintz Unit #9
Jeff Hurd, Public Works Director
12. Jet A Refueler Lease Agreement - World Fuel
Jeff Hurd, Public Works Director

VII. Department Reports / Committee Updates

VIII. Adjourn Council Meeting

EXECUTIVE SESSION AGENDA

I. Call Executive Session to Order

II. Executive Session ORS 192.660(2)(i)

The executive session is held pursuant to ORS 192.660(2)(i) which allows the Council to hold an executive session to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee, or staff member who does not request an open hearing.

Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. No decision will be made in this executive session.

III. Adjourn Executive Session

MADRAS URBAN RENEWAL AGENCY
Request for Commission Action

Meeting Date: June 11, 2024
To: Madras Redevelopment Commissioners
From: Will Ibershof, City Administrator, Jeremy Green
Through: Will Ibershof, City Administrator
Subject: TITLE
Discussion on taxing districts imposing a fee on new homes within the Urban Renewal District.

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

Discussion item only.

OVERVIEW:

At the May 28th council meeting, there was a request to better understand if a fee could be imposed by different taxing districts for homes constructed within an Urban Renewal District. In discussions with legal counsel, there is a path that another taxing district can take to impose a one-time fee on the construction of a new home within the Housing Urban Renewal District.

STAFF ANALYSIS:

Staff discussed the item further, and it was determined that the taxing district would need to determine what impact the new home would have on their services. That determination would occur with the assistance of a consultant who would evaluate the calls for service, the fees for service and the overall impact on the district. Then that district's board would need to take action on the fee and request the City of Madras to add that fee to its fee schedule. In discussions with one taxing district, the fee does not solve their long-term funding needs.

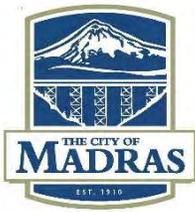
The other option that the MRC can consider is to reduce the size of the Housing Urban Renewal District (HURD). Staff would caution council about making that decision before a housing needs analysis is completed. The reason for this is that it may take all the property within the HURD to meet the city's housing targets.

FISCAL INFORMATION:

Unknown at this time.

SUPPORTING DOCUMENTATION:

Memo from the City Attorney.



To: MRC Commission

From: Will Ibershof, City Administrator and Jeremy Green, City Attorney

Pursuant to our telephone call, below I have provided a brief summary of our discussion points for inclusion in your June 11, 2024 staff report.

1. Jefferson County Rural Fire (“District”), a junior taxing district whose purview falls within the city’s Housing Urban Renewal District (“HURD”), is considering assessing/imposing a \$300 - \$500 fee on each new home constructed within the HURD. You have inquired whether (1) this office is aware of any junior taxing districts that impose a fee on new homes within a HURD, and (2) whether Oregon law prohibits District from imposing a fee on new homes constructed within the HURD.
2. This office is not aware of any junior taxing districts that impose a fee on new homes within a HURD. However, Timothy Bishop, a representative with the Oregon Economic Development Association’s Tax Increment Financing Committee, reported that he is aware of fees being assessed/imposed by junior taxing districts within HURDs (emergency service-related fees being the most common).
3. Based upon our review of applicable Oregon law and the city’s HURD plan, it is likely that a junior taxing district may impose “fees” on new homes constructed within the HURD. It is our opinion that any fee assessed/imposed should have no relationship to real property values and/or otherwise take the form of a tax (e.g., a fee tied to property values may be construed as a tax and subject to challenge). If Oregon law was interpreted broadly to freeze all taxes within an urban renewal area, and not just ad valorem property taxes, a “fee” is legally distinct from a “tax” and not subject to the property tax limitations. Please note that the test to determine whether a fee is a tax is well-developed under Oregon case law.
4. You also inquired whether certain districts located within the HURD may impose system development charges (“SDCs”). In short, SDCs may be assessed by local governments and special districts, including cities, counties, and water, sewer, and park districts. Oregon laws applicable to urban renewal areas do not explicitly address the imposition of SDCs in an urban renewal area. However, it is our opinion that an agency or district located within an urban renewal area may lawfully impose SDCs (provided that the agency or district has the legal right to impose SDCs). In other words, the agency or district is not prohibited from imposing SDCs simply because the agency or district is located within the urban renewal area.

Jeremy M. Green *Attorney & Shareholder*

E green@bljlawyers.com | P 541-382-4331 | F 541-389-3386 | 591 SW Mill View Way, Bend, OR 97702 | www.bljlawyers.com



MADRAS URBAN RENEWAL AGENCY
Request for Commission Action

Meeting Date: June 11, 2024
To: Madras Redevelopment Commissioners
From: Nicholas Snead, Community Development Director
Through: Will Ibershof, City Administrator
Subject: Sagebrook Estates Subdivision Phase I & II HURD Application
Funding request.

TYPE OF ACTION REQUESTED:

Postpone to a certain date

MOTION(S) FOR CONSIDERATION:

No action requested. Report only.

OVERVIEW:

At the May 28, 2024 MRC meeting staff and the developer of the Sagebrook Estates Subdivision presented the request for HURD New Housing Development Assistance funding. At the meeting, the applicant clarified that they would like funding from the MRC for Phases I & II. Staff requested additional information related to Phase II of the subdivision from the applicant on May 31, 2024. As of June 4, 2024 the applicant has not provided such information. As a result, staff recommends that the MRC not hold the second public hearing and requesting MRC action on the proposal. Staff will instead, work with the applicant to obtain the additional information and schedule the second public hearing after that information has been provided.

STAFF ANALYSIS:

N/A

FISCAL INFORMATION:

N/A

SUPPORTING DOCUMENTATION:

See attached.

Madras Redevelopment Commission
New Housing Development Assistance Program



125 SW "E" Street
Madras, OR 97741
541-475-2344
[www.ci.madras.ar.us](http://www.ci.madras.or.us)

OVERVIEW

In 2018, the Madras City Council approved the City's Housing Action Plan that included a provision to consider establishing an urban renewal district to help address the financial components of housing construction in the City. In 2020, the City established the Housing Urban Renewal District (HURD) that is over 710 acres in area that includes large tracts of land available for residential development and the adjoining rights-of-way where infrastructure improvements are needed to serve future housing development. Accordingly, the MRC has established the New Housing Development Assistance for housing developers to utilize the tax increment generated from new housing development in the HURD to mitigate financial barriers related to housing construction.

This program is designed to achieve the Housing Action Plan's goals to construct the following housing over 5 years:

- 40 units of housing affordable to low-income households, who have annual earning of less than \$30,360 in 2017 dollars. These units will be government-subsidized housing, most likely townhouses or apartments.
- 75 units of housing affordable to moderate- and middle-income households, who have annual earnings of between \$30,360 and \$60,720 in 2017 dollars. These units may include lower-cost, single-family detached housing, townhouses, cottage housing, duplexes, tri- and quad-plexes, and apartments.
- 50 units of housing affordable to higher-income households, who have annual earnings of more than \$60,720 in 2017 dollars. These units may include any type of housing.

This program provides the following three options for incentives to housing developers:

1. Lump Sum: Receive incentive at certificate of occupancy, but only equal to 50% of the total incentive amount.
2. Tax Rebate: Receive 100% of incentive through equal installment payments over the course of seven years.
3. Infrastructure: City builds infrastructure improvements required as a condition of development with a cost up to 100% of total incentive. Timing of improvements to be determined by City. This analysis assumes that infrastructure improvements occur on average, three years after certificate of occupancy.

Before applying for New Housing Development Assistance program incentives, developers will be required to obtain the necessary land use approval(s) for their proposed development. After the land use decision(s) are final, developers can file an application requesting incentives under the program. Applications approved by the MRC will be formalized in a Development Agreement between the MRC and the developer that will specify that The New Housing Development Assistance program does not provide upfront incentives to housing developers. Rather incentives are provided after development has received Certificate of Occupancy and the property taxes have been paid in full. Furthermore, the Development Agreement will specify which incentive option (see above) the developer will receive as a result of the development occurring.

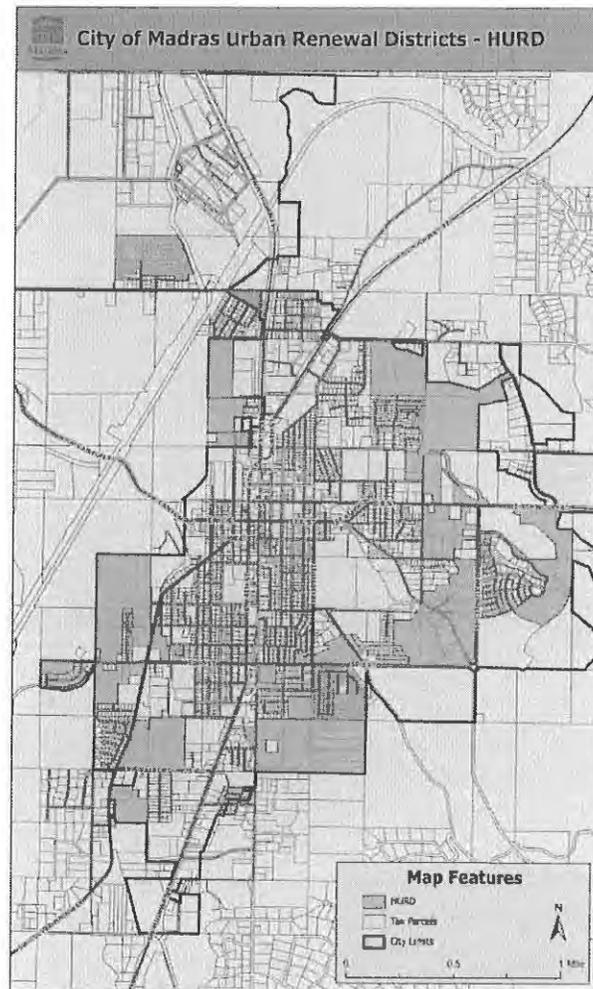
New Housing Development Assistance applications will be reviewed through a Type C review process, which requires pre-application meetings with City staff, complete applications to filed before they are

reviewed, and two MRC meetings for the Commission to consider approving. At the two MRC meetings, the Commission will provide an opportunity for the applicant present their project, request a staff report, and allow public comments on the matter. The MRC intends to take formal action to make a decision on a Building Improvement or Adaptive Reuse application with through the Type C review process in less than 120-days.

ELIGIBILITY

1. The subject property is located within Housing Urban Renewal District boundary (see Figure 1).
2. All necessary land use approvals have been obtained.
3. Property owner/business' utility accounts with the City of Madras are in good standing.
4. There are no outstanding City Code violations on the subject property.
5. Applicants may be:
 - An Individual
 - A For-Profit Business Tenant (with written approval from the building's owner)
 - Property or Business Owner

Figure 1. Housing Urban Renewal Areas.



AVAILABLE FUNDING

The Madras Redevelopment Commission will allocate grant funding for Redevelopment/New Development Assistance Program in their biennial budget. The MRC will consider awarding grant funding for applications as funding is available and at their discretion based on the approval criteria stated herein.

APPROVAL CRITERIA

The MRC has mandatory and discretionary approval criteria for both the Redevelopment/New Development Assistance Program as shown in Tables 1 and 2 below. Applications for the Program will need to satisfy these criteria. Applications that do not satisfy the approval criteria will be at risk of MRC denying funding approval.

Table 1. Mandatory Approval Criteria.

MANDATORY APPROVAL CRITERIA Redevelopment/New Development Assistance Program	Standard Met?	
	Yes (X)	No (X)
1. Project is located in the HURD?	X	
2. Project is compliant with the applicable City of Madras Development Code?	X	
3. Project is compliant with the applicable City of Madras Public Improvement Design & Construction Standards?	X	
4. The proposed development is not a tax-exempt entity (i.e., subject to property taxes).	X	
5. The property owners and/or business owners City utility accounts are in good standing?	X	
6. The business owner possesses, or can reasonably obtain, a valid business license from the City.	X	

Table 2. Discretionary Approval Criteria.

DISCRETIONARY APPROVAL CRITERIA Redevelopment/New Development Assistance Program	Information Required?	
	Yes (X)	No (X)
1. MRC funding is consistent with current HURD debt financing strategy.		
2. The proposed housing is needed as identified in the City's 2018 Housing Action Plan or Housing Production Strategy, whichever is in effect and most current		
3. Tax-exempt entities requesting incentives propose to construct housing for household incomes earning less than 120% of the Area Median Income (AMI).		

MRC REVIEW PROCESS

New Housing Development Assistance projects will require applicants to have obtained the necessary land use approvals. New Housing Development Assistance applications will be reviewed through the MRC's Type C Review process which is a 120-day review process that includes a 30-day completeness review by City staff after the application is filed. If there are any missing information, documentation, or otherwise, staff will notify the applicant accordingly. The applicant can provide the missing information

or request that the application be reviewed and considered by the MRC as proposed. This is not recommended as the funding request is more likely to not be approved. Following the application being complete, City staff will have a 90-day period to review the proposal and draft a recommendation to the MRC based on the approval criteria stated herein. Then the MRC will consider the application over two public meetings. During the first meeting the MRC will receive a staff report and recommendation on the request, a presentation from the applicant, allow public comments. The MRC will not make a decision during the first public meeting on the matter. At the second public meeting, the MRC will receive a staff report, additional information from the applicant, accept public comments, and then consider formal action on the matter based on the proposal's consistency with the approval criteria. This process may be completed in less than 120-days depending on the complexity of the proposal. In any case, the MRC is not bound to make a decision within 120-days but strives to do so to provide consistency and predictability in the review process when considering New Housing Development Assistance projects.

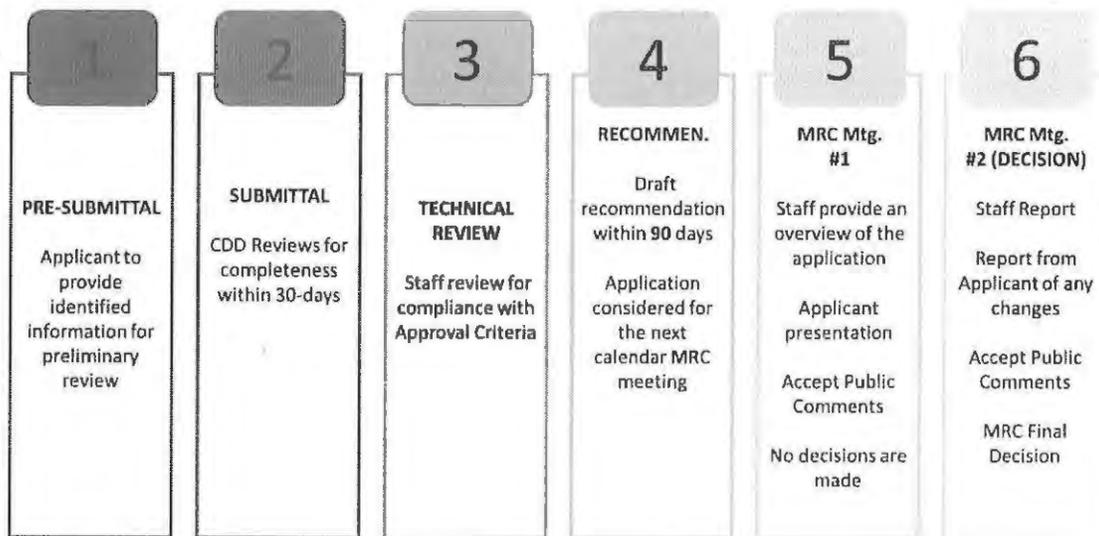
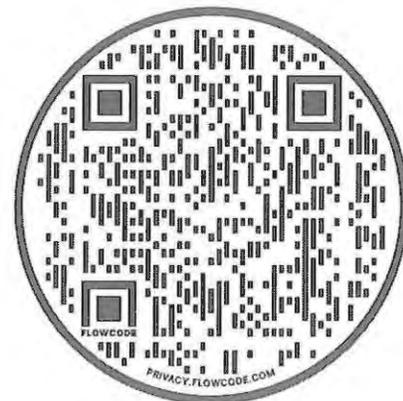


Figure 2. Type C Review Process

Questions?

Nicholas Snead
 Community Development Director
 125 SW E Street
 Madras, OR, 97741
 541-475-2344
nsnead@cityofmadras.us



scan the QR code to view the application

CITY OF MADRAS

125 SW E Street, Madras, Oregon 97741

Telephone 541-475-2344

Madras Redevelopment Commission Program Application

Project Type		
Check only one:		
<input type="checkbox"/> Design Assistance	<input type="checkbox"/> Building Improvement	<input checked="" type="checkbox"/> New Housing Construction
<input type="checkbox"/> Paint Improvement	<input type="checkbox"/> Adaptive Reuse	
<input type="checkbox"/> Window Improvement	<input type="checkbox"/> Commercial New Development	

Applicant Information	
Name:	James Campbell
Business Name:	Wood Hill Homes
Address:	547 SW 13 th St.
City:	Bend
State:	OR
Phone:	541-330-5559
Email:	
Applicant is the:	Business Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Other <input type="checkbox"/>

Property Owner Information	
Name:	
Address:	
City:	
State:	
Phone:	
Email:	

Architect Information	
Name:	Emerio Design LLC / Scott Grubbs
Business Name:	Emerio Design LLC
Address:	6445 SW Fallbrook Pl. # 100
City:	Beaverton
State:	OR
Phone:	503-746-8812
Email:	sgrubbs@emeriodesign.com

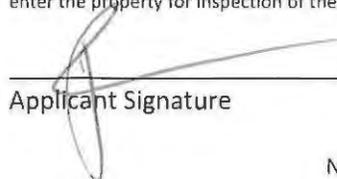
Engineer Information	
Name:	Emerio Design LLC / Scott Grubbs
Business Name:	Emerio Design LLC
Type of Engineer:	<input checked="" type="checkbox"/> Civil <input type="checkbox"/> Mechanical <input type="checkbox"/> Structural <input type="checkbox"/> Surveying
Address:	6445 SW Fallbrook Pl. # 100
City:	Beaverton
State:	OR
Phone:	503-746-8812
Email:	sgrubbs@emeriodesign.com

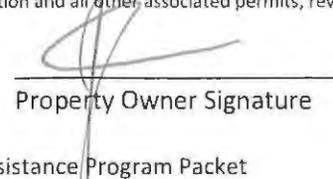
Subject Property Information	
Address:	
Map & Tax lot:	
Size (acres):	Current Zoning:
Located in Floodplain: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

APPLICATION MATERIALS

Application Materials New Housing Development Assistance Program	Information Required		Information Provided	
	Yes	No	Yes	No
Assessor's Summary Report for the property(ies)				
Deed for property(ies) from County Clerk				
State of Oregon Business Registry Report for Business				
Legal Description of property(ies)				
Title Report for property(ies)				
W-9 for Business				
Business' financial information deemed appropriate by COIC Loan Officer				
Copy of all final land use decision issued by the City of Madras related to the development.				
Site Plan drawn to scale:	X			
Adjacent Streets	X			
Points of access	X			
Existing & proposed easements	X			
Existing & proposed utilities (e.g. sewer, water, electric, gas, power)	X			
Location of Fats, Oil, Grease Separator	X			
Location of existing & proposed fire hydrants	X			
Existing & proposed water meter size	X			
Proposed improvements to public Rights-of-Way	X			
Off-and-On-Street Parking	X			
Area (sq. ft.) of impervious surfaces on property(ies)	X			
Sidewalks, patios, courtyards, and decks.	X			
Fences, screens, and retaining walls, incl. height and materials	X			
Existing & proposed structures	X			
Existing & proposed uses on the property	X			
Existing & proposed signage	X			
Existing & proposed trash & trash enclosure, incl. screening	X			
Photos of existing conditions of property & building(s)				
Elevation drawings for the structures proposed to be improved				
Floorplan for building &/or tenant spaces proposed to be improved				
Existing & proposed Occupancy for building &/or each tenant space				
Materials demonstrating compliance w. Residential Design Standards				
Itemized Cost Estimate incl. land acquisition, Design Services, Permit fees, & Contingency				
Construction Bids				
Estimated construction costs				

I, as the applicant, property owner, or representative thereof, have signed this application consenting to the filing of this application, proposed improvement(s). As such, I have examined all statements, information and all attached exhibits contained herein, and certify them to be true, correct, and accurate. I understand that any false statements may result in this application being denied. I authorize the City of Madras staff to enter the property for inspection of the site in conjunction with this application and all other associated permits, review, and inspections.


3/21/24
 Applicant Signature Date


3/21/24
 Property Owner Signature Date

PRELIM
DRAWING
DRAWN BY: EN
JOB NO. 21-23

ATTACHMENT A
PRELIMINARY
LOT LAYOUT
SHEET TITLE

PROJECT: PROPOSED SUBDIVISION
PROJECT LOCATION: MADRAS, OR
CLIENT: WOODHILL HOMES

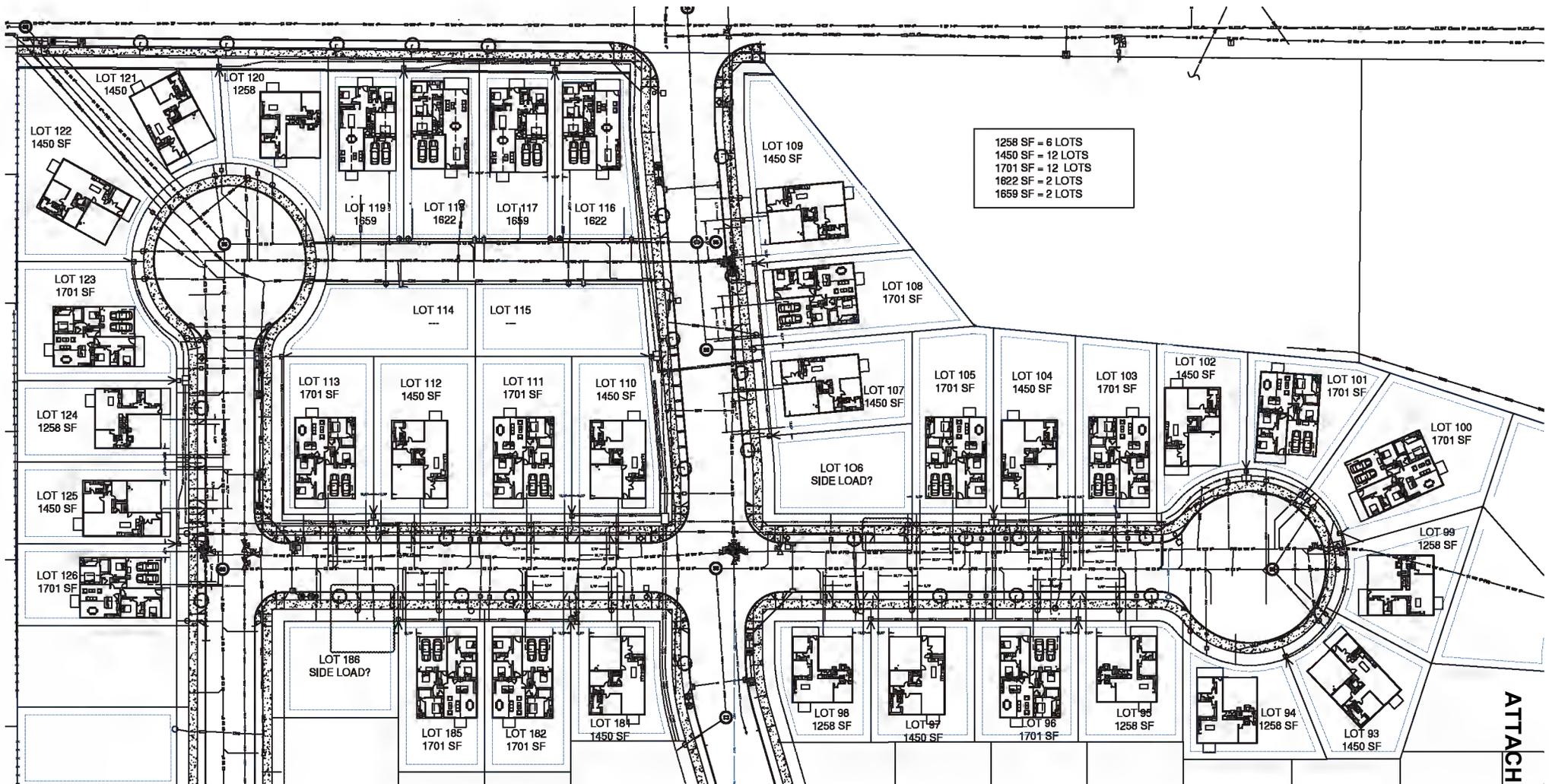


DATE:	REVISION:	NO.



PROPOSED PHASE 1
36 LOTS, 7.53 ACRES

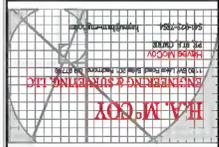




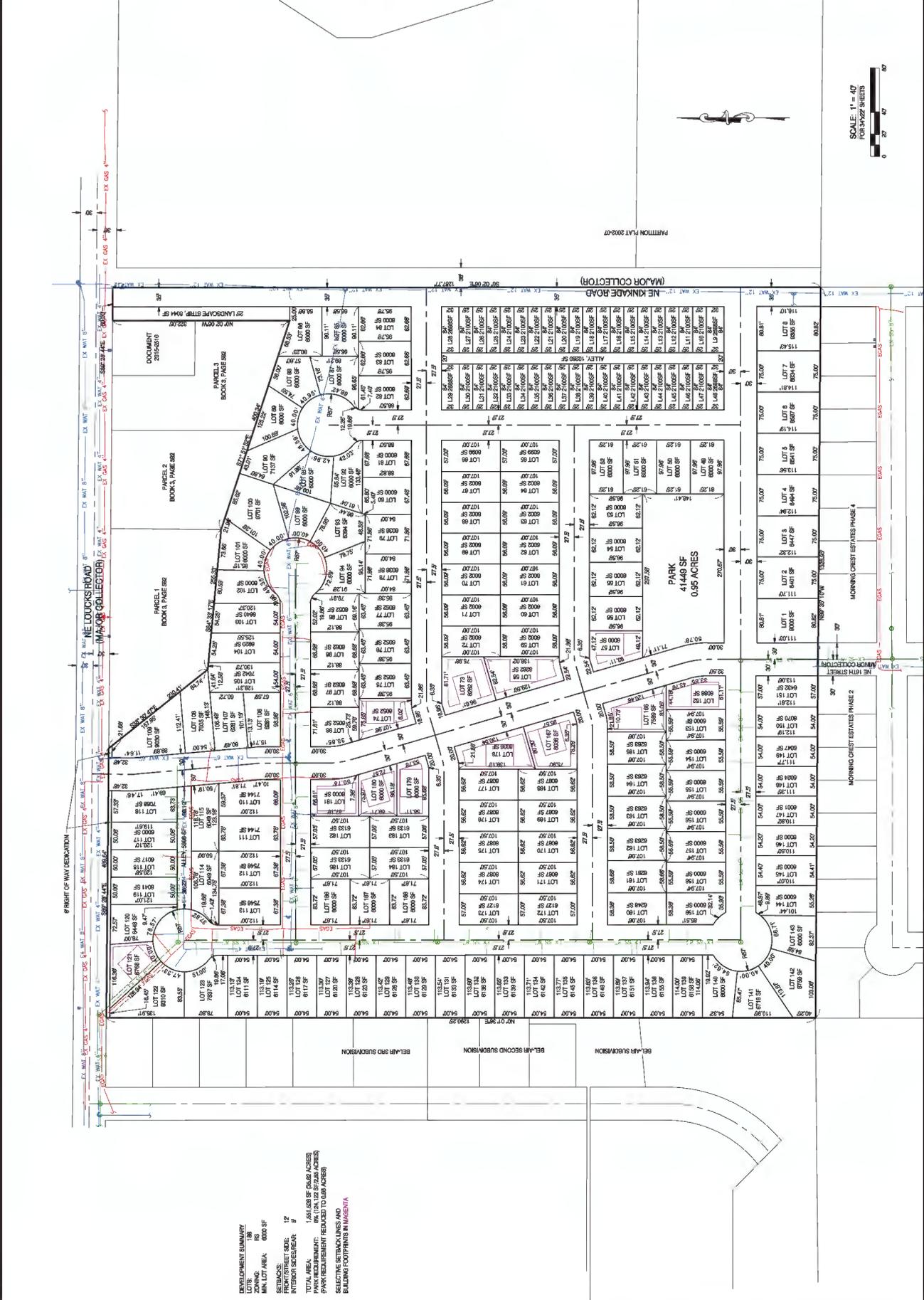
ATTACHMENT A
PRELIMINARY LOT LAYOUT OPTION 4
 SHEET TITLE: **OPT4**
 JOB NO. 21-233
 DRAWN BY: JMM
 DRAWING:

CLIENT: **WOODHILL HOMES**
 PROJECT LOCATION: **MADRAS, OR**
 PROPOSED SUBDIVISION:
 PROJECT: **PRELIMINARY LOT LAYOUT OPTION 4**

H.A. MCGOY
 ENGINEERING & SURVEYING, INC.
 1000 N. 10TH ST., SUITE 100
 MADRAS, OR 97554
 TEL: 503-771-1111
 FAX: 503-771-1112
 WWW.HAMCGOY.COM



DATE:	NO. REVISION:	DATE:
		03/21/22

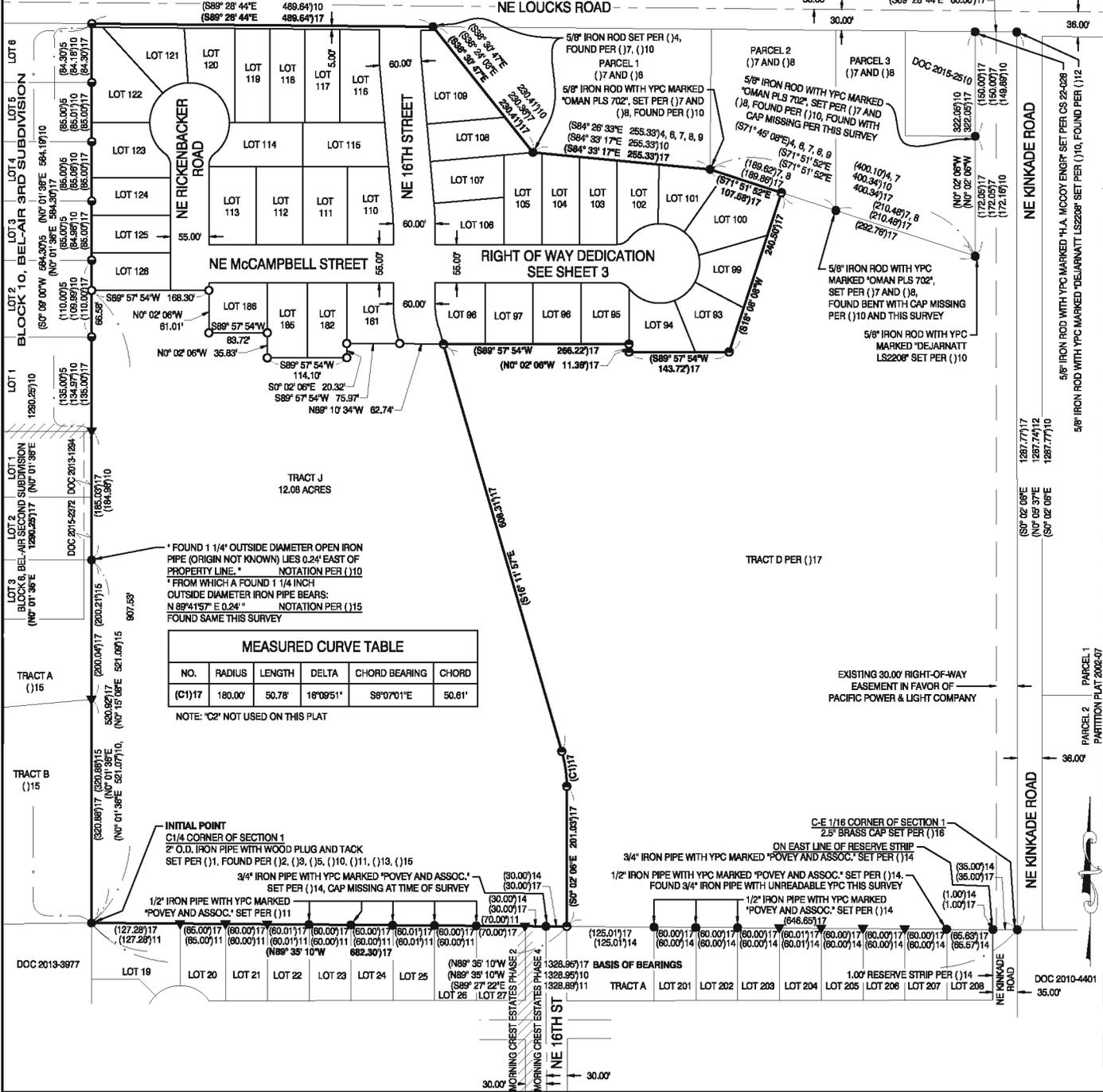


SCALE: 1" = 40'
 FOR 34x22 SHEETS

DEVELOPMENT SUMMARY:
 TOTAL AREA: 1,001,000 SF (22.8 ACRES)
 ZONING: R10
 MIN. LOT AREA: 8,000 SF
 SETBACKS:
 FRONT/STREET SIDE: 12'
 INTERIOR SUBDIVISION: 9'
 TOTAL AREA: 1,001,000 SF (22.8 ACRES)
 PARKING REQUIREMENT: 10 SPACES PER 1,000 SF
 SELECTIVE STRIPING AND BUILDING FOOTPRINTS IN RED

SAGEBROOKE ESTATES, PHASE 1

LOCATED IN THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN, CITY OF MADRAS, JEFFERSON COUNTY, OREGON.
CITY OF MADRAS LAND USE FILES: MP-22-1, SD-22-2
DATE: SEPTEMBER 11, 2023



LEGEND

- FOUND MONUMENT AS NOTED, HELD.
 - FOUND PER (1)17 IN ADDITION TO OTHER NOTATIONS.
 - 1/2" IRON ROD SET PER (1)5, FOUND PER (1)10 AND (1)17, HELD.
 - FOUND 5/8" X 30" IRON ROD WITH YPC MARKED "H.A. MCCOY ENGR" PER (1)7, HELD, SEARCHED FOR, NOT FOUND.
 - SET 5/8" X 30" IRON ROD WITH YPC MARKED "H.A. MCCOY ENGR".
 - YPC YELLOW PLASTIC CAP.
 - (1) INDICATES RECORD INFORMATION PER DB2-P33, FILED 03/28/2001 AT JEFFERSON COUNTY CLERK, PREPARED 02/02/1999, BRANTON, PLS. (MISSING RECORDING SLIP)
 - (2) INDICATES RECORD INFORMATION PER BEL-AIR SUBDIVISION, BP2-P21, FILED 08/28/1999, FRALEY, PLS.
 - (3) INDICATES RECORD INFORMATION PER BEL-AIR SECOND SUBDIVISION, BP2-P22, FILED 07/07/1991, BRANTON, PLS.
 - (4) INDICATES RECORD INFORMATION PER DB3-P354, MF 127422, FILED 03/28/1978, FRALEY, PLS.
 - (5) INDICATES RECORD INFORMATION PER BEL-AIR 3RD SUBDIVISION, MF 129827, FILED 08/05/1978, JONES, PLS.
 - (6) INDICATES RECORD INFORMATION PER DB64-P634, RECORDED 02/15/1980.
 - (7) INDICATES RECORD INFORMATION PER DB3-P592, MF 146106, FILED 11/30/1982, OMAN, PLS.
 - (8) INDICATES RECORD INFORMATION PER MP-82-14, MF 148836, BP8-P8, FILED 02/22/1993, OMAN, PLS.
 - (9) INDICATES RECORD INFORMATION PER MF 892013, RECORDED 08/31/1989.
 - (10) INDICATES RECORD INFORMATION PER RECORD OF SURVEY, CS 98-018, MF 892211, FILED 05/28/1998, DEJARNATT, PLS.
 - (11) INDICATES RECORD INFORMATION PER MORNING CREST ESTATES PHASE 2, MF 992213, FILED 05/12/1999, BAHRKE, PLS.
 - (12) INDICATES RECORD INFORMATION PER PARTITION PLAT 2002-07, MF 2002-3441, FILED 07/30/2002, DEJARNATT, PLS.
 - (13) INDICATES RECORD INFORMATION PER OCHR 2453-1113-02, MF 2003-0309, FILED 01/21/2003, DEJARNATT, PLS.
 - (14) INDICATES RECORD INFORMATION PER MORNING CREST ESTATES PHASE 4, MF 2006-6949, FILED 11/21/2006, BAHRKE, PLS.
 - (15) INDICATES RECORD INFORMATION PER PROPERTY LINE ADJUSTMENT, LLA-08-2, MF 2008-4634, FILED 12/31/2008, DEJARNATT, PLS. CS 08-046
 - (16) INDICATES RECORD INFORMATION PER OCHR 2453-1113-02, MF 2009-1583, FILED 05/06/2009, DEJARNATT, PLS.
 - (17) INDICATES RECORD INFORMATION PER PROPERTY LINE ADJUSTMENT, LLA-23-2, MF 2023-2218, FILED 08/04/2023, SIMES, PLS. CS 23-015
- MEASURED BEARINGS AND DISTANCES MATCH RECORD BEARINGS AND DISTANCES.
- BP#-P# BOOK OF PLATS AND PAGE NUMBER, JEFFERSON COUNTY SURVEY RECORDS.
CS# COUNTY SURVEY NUMBER, JEFFERSON COUNTY SURVEY RECORDS.
MF# MICROFILM NUMBER, JEFFERSON COUNTY CLERK RECORDS.
DB#-P# DEED BOOK AND PAGE NUMBER, JEFFERSON COUNTY CLERK RECORDS.
DOC# DEED DOCUMENT NUMBER, JEFFERSON COUNTY OFFICIAL RECORDS.
OCHR# OREGON CORNER RESTORATION RECORD NUMBER
PUE PUBLIC UTILITY EASEMENT
PAE PUBLIC ACCESS EASEMENT

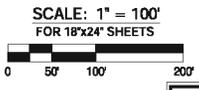
* FOUND 1 1/4" OUTSIDE DIAMETER OPEN IRON PIPE (ORIGIN NOT KNOWN) LIES 0.24' EAST OF PROPERTY LINE. * NOTATION PER (1)10 FROM WHICH A FOUND 1 1/4 INCH OUTSIDE DIAMETER IRON PIPE BEARS: N 89°41'57" E 0.24' * NOTATION PER (1)15 FOUND SAME THIS SURVEY

NO.	RADIUS	LENGTH	DELTA	CHORD BEARING	CHORD
(C1)17	180.00'	50.78'	16°09'51"	S8°07'01"E	50.61'

NOTE: 'C2' NOT USED ON THIS PLAT

INITIAL POINT
C1/4 CORNER OF SECTION 1
2" O.D. IRON PIPE WITH WOOD PLUG AND TACK SET PER (1)1, FOUND PER (1)2, (1)3, (1)5, (1)10, (1)11, (1)13, (1)15
3/4" IRON PIPE WITH YPC MARKED "POVEY AND ASSOC." SET PER (1)14, CAP MISSING AT TIME OF SURVEY
1/2" IRON PIPE WITH YPC MARKED "POVEY AND ASSOC." SET PER (1)11

C-E 1/16 CORNER OF SECTION 1
2.5" BRASS CAP SET PER (1)16
ON EAST LINE OF RESERVE STRIP
3/4" IRON PIPE WITH YPC MARKED "POVEY AND ASSOC." SET PER (1)14
1/2" IRON PIPE WITH YPC MARKED "POVEY AND ASSOC." SET PER (1)14, FOUND 3/4" IRON PIPE WITH UNREADABLE YPC THIS SURVEY
1/2" IRON PIPE WITH YPC MARKED "POVEY AND ASSOC." SET PER (1)14



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REGISTERED
PROFESSIONAL LAND SURVEYOR

OREGON
NOVEMBER 10, 2008
JASON L. SIMES
53239PLS
EXPIRES 6/30/24

H.A. M'COY
ENGINEERING & SURVEYING LLC

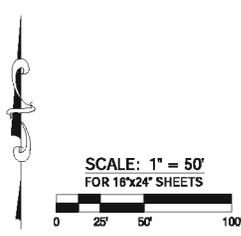
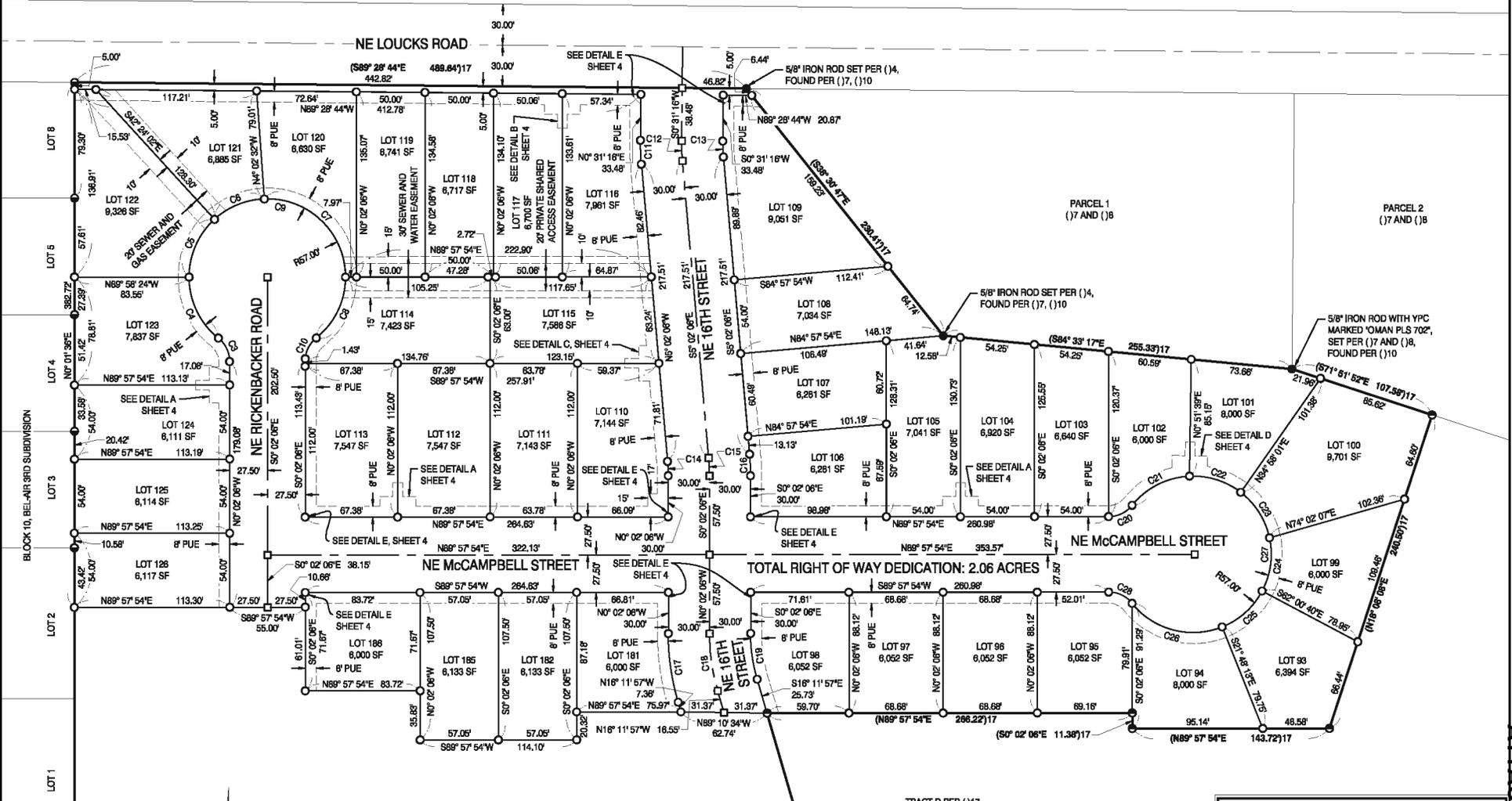
180 SW LAKE ROAD SUITE 201
REDMOND, OR 97756
(541) 923-7554

PREPARED FOR: WOOD HILL HOMES, INC.
70 SW CENTURY DRIVE, SUITE 100-240
BEND, OR 97702

ATTACHMENT A

SAGEBROOKE ESTATES, PHASE 1

LOCATED IN THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN, CITY OF MADRAS, JEFFERSON COUNTY, OREGON.
CITY OF MADRAS LAND USE FILES: MP-22-1, SD-22-2
DATE: SEPTEMBER 11, 2023



NOTES
SEE LEGEND ON SHEET 2
SEE CURVE TABLE ON SHEET 4

TRACT D PER (J)17

TRACT J
SEE SHEET 2

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**PROFESSIONAL
LAND SURVEYOR**

OREGON
NOVEMBER 10, 2008
JASON L. SIMS
53239PLS
EXPIRES 6/30/24

H.A. M'COY
ENGINEERING & SURVEYING LLC

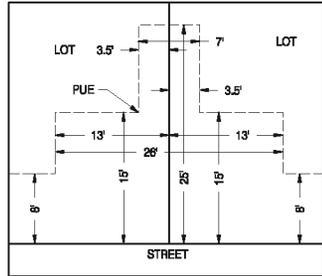
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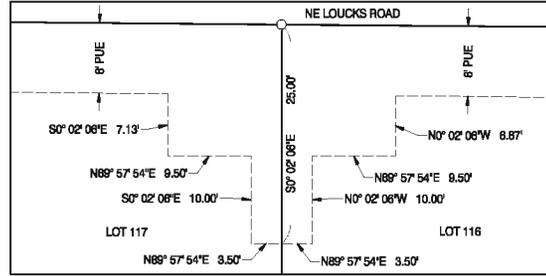
ATTACHMENT A

SAGEBROOKE ESTATES, PHASE 1

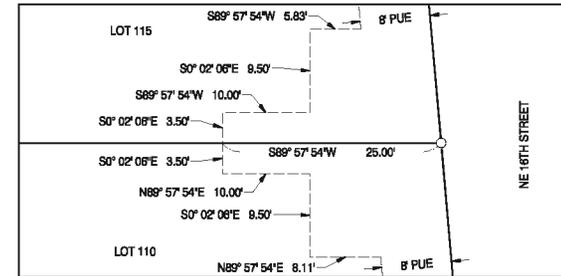
LOCATED IN THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN, CITY OF MADRAS, JEFFERSON COUNTY, OREGON.
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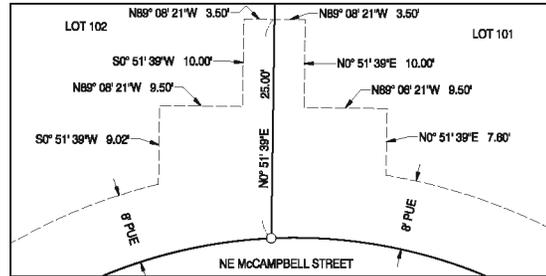
TYPICAL DETAIL A
1" = 10'



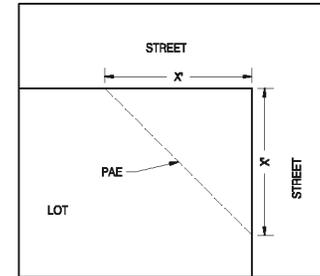
DETAIL B
1" = 10'



DETAIL C
1" = 10'



DETAIL D
1" = 10'



TYPICAL DETAIL E
NTS

DETAIL E NOTES:
SEE LIST BELOW FOR 'X' VALUES

INTERSECTIONS:
NE RICKENBACKER ROAD & NE McCAMPBELL STREET: X=1.30'
NE McCAMPBELL STREET & NE 16TH STREET: X=3.50'
NE 16TH STREET & NE LOUCKS ROAD: X=7.40'

MEASURED CURVE TABLE					
NO.	RADIUS	LENGTH	DELTA	CHORD BEARING	CHORD
C3	22.00'	19.66'	51°12'08"	N25°38'09"W	19.01'
C4	57.00'	51.00'	51°15'48"	N25°38'18"W	49.31'
C5	57.00'	47.33'	47°34'22"	N28°48'47"E	46.98'
C6	57.00'	40.00'	40°12'27"	N67°42'11"E	39.18'
C7	57.00'	91.66'	82°08'29"	S46°06'51"E	82.11'
C8	57.00'	50.94'	51°12'06"	S25°33'57"W	49.26'
C9	57.00'	280.96'	282°24'11"	N89°57'54"E	71.43'
C10	22.00'	19.66'	51°12'06"	S25°33'57"W	19.01'
C11	180.00'	17.48'	5°33'22"	N2°15'25"W	17.46'
C12	150.00'	14.65'	5°33'22"	S2°15'25"E	14.54'
C13	120.00'	11.64'	5°33'22"	S2°15'25"E	11.63'
C14	120.00'	10.47'	5°00'00"	N2°32'08"W	10.47'
C15	150.00'	13.09'	5°00'00"	S2°32'08"E	13.08'
C16	180.00'	15.71'	5°00'00"	S2°32'08"E	15.70'
C17	180.00'	50.78'	16°09'51"	N8°07'01"W	50.61'
C18	150.00'	42.32'	16°09'51"	N8°07'01"W	42.18'
C19	120.00'	33.85'	16°09'51"	S8°07'01"E	33.74'
C20	22.00'	19.66'	51°12'06"	N84°21'51"E	19.01'
C21	57.00'	48.36'	46°38'10"	N63°03'53"E	46.92'
C22	57.00'	40.00'	40°12'27"	S72°31'49"E	38.18'
C23	57.00'	40.00'	40°12'27"	S32°19'21"E	38.18'
C24	57.00'	40.00'	40°12'27"	S7°53'06"W	38.18'
C25	57.00'	40.00'	40°12'27"	S48°05'33"W	38.18'
C26	57.00'	72.58'	72°58'13"	N75°19'07"W	67.78'
C27	57.00'	280.96'	282°24'11"	S0°02'08"E	71.43'
C28	22.00'	19.66'	51°12'06"	N84°26'03"W	19.01'

NOTES

SEE LEGEND ON SHEET 2

PUBLIC ACCESS EASEMENT NOTE

A PUBLIC ACCESS EASEMENT (PAE) MAY BE USED TO CONSTRUCT, INSTALL, MAINTAIN, AND ACCESS A PAVED PUBLIC MULTIUSE PATH AND RELATED IMPROVEMENTS, FOR UNRESTRICTED NON-VEHICULAR INGRESS AND EGRESS TO A PROPERTY BURDENED BY THE PAE BY THE OWNER OF SUCH BURDENED PROPERTY, AND PUBLIC USE OF THE PATH. A PAE SHALL BE NON-EXCLUSIVE EXCEPT THAT ALL OTHER USES SHALL BE SUBORDINATE TO, AND SHALL NOT INTERFERE WITH, A PAE. PROHIBITED USES OF A PAE INCLUDE, BUT ARE NOT LIMITED TO, PERMANENT STRUCTURES, BUILDINGS, FENCES, UTILITIES, OR ANY EXCAVATION OR ALTERATION OF THE SIDEWALK/PATH AND EARTH SLOPE UNLESS APPROVED IN WRITING BY CITY. THE OWNER OF A PROPERTY ENCUMBERED BY A PAE SHALL BE SOLELY RESPONSIBLE FOR MAINTENANCE OF THE PAVED PATH AND RELATED FACILITIES LOCATED WITHIN THAT PORTION OF A PAE LOCATED ON THE OWNERS PROPERTY (INCLUDING, WITHOUT LIMITATION SNOW AND ICE REMOVAL) TO THE SAME EXTENT AND DEGREE REQUIRED BY THE MADRAS MUNICIPAL CODE FOR PROPERTY OWNER MAINTENANCE OF AN ABUTTING SIDEWALK. THE OWNER OF A PROPERTY ENCUMBERED BY A PAE SHALL ALSO BE RESPONSIBLE FOR LANDSCAPE AND MAINTENANCE OF IMPROVEMENTS WITHIN THAT PORTION OF THE PAE LOCATED ON SUCH OWNERS PROPERTY. IF THE OWNER OF A PROPERTY ENCUMBERED BY A PAE FAILS TO PERFORM ANY REQUIRED MAINTENANCE AFTER WRITTEN NOTICE FROM CITY, CITY MAY PERFORM SUCH MAINTENANCE AND ASSESS ALL COSTS INCURRED TO THE APPLICABLE PROPERTY OWNER, WHICH ASSESSMENT WILL BE A LIEN AGAINST THE APPLICABLE PROPERTY.

PUBLIC UTILITY EASEMENT NOTE

A PUBLIC UTILITY EASEMENT (PUE) MAY BE USED BY CITY AND FRANCHISE UTILITY PROVIDERS TO CONSTRUCT, INSTALL, MAINTAIN, AND ACCESS PUBLIC AND FRANCHISE UTILITIES INCLUDING, BUT NOT LIMITED TO, WATER, SEWER, STORM DRAINAGE, GAS, ELECTRICAL, PHONE, AND COMMUNICATION FACILITIES AND UTILITIES (UTILITIES). THE OWNER OF A PROPERTY ENCUMBERED BY A PUE MAY USE THE SURFACE OF THE PUE ON SUCH OWNER'S PROPERTY PROVIDED SUCH USE DOES NOT INTERFERE WITH THE CITY'S AND FRANCHISE UTILITY PROVIDERS' RIGHTS TO THE PUE, EXCEPT AS SET OUT BELOW. THE OWNER OF A PROPERTY ENCUMBERED BY A PUE SHALL NOT PERMIT ANY STRUCTURES, TREES, UTILITIES, EXCAVATIONS, USES, OR IMPROVEMENTS TO BE LOCATED IN A PUE ON SUCH OWNER'S PROPERTY UNLESS APPROVED IN WRITING BY CITY. PERMITTED USES AND IMPROVEMENTS WITHIN A PUE INCLUDE, BUT ARE NOT LIMITED TO, LANDSCAPING (EXCLUDING TREES AND OTHER DEEP-ROOTED VEGETATION), PAVED DRIVEWAYS OR PARKING AREAS, TRAILS, SIDEWALKS OR OTHER USES THAT WILL NOT AFFECT THE ABILITY OF THE CITY OR FRANCHISE UTILITY PROVIDERS TO ACCESS OR USE A PUE. CITY AND FRANCHISE UTILITY PROVIDERS SHALL HAVE NO LIABILITY FOR ANY USES, VEGETATION, OR IMPROVEMENTS WITHIN A PUE THAT ARE DAMAGED OR REMOVED TO ALLOW FOR ACCESS TO OR USE OF A PUE. CITY AND FRANCHISE UTILITY PROVIDERS SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THEIR RESPECTIVE UTILITIES AND RELATED FACILITIES LOCATED WITHIN A PUE. THE OWNER OF A PROPERTY ENCUMBERED BY A PUE SHALL BE RESPONSIBLE FOR LANDSCAPE AND SURFACE MAINTENANCE WITHIN A PUE.

GENERAL EASEMENT NOTES

- ALL EASEMENTS CREATED BY THIS PLAT ARE PERPETUAL, RUN WITH THE LAND SUBJECT TO AN EASEMENT, AND WILL BE BINDING UPON ANY PARTY HOLDING ANY INTEREST IN A PROPERTY SUBJECT TO AN EASEMENT.
- EASEMENTS MAY NOT BE MODIFIED OR AMENDED, IN ANY RESPECT WHATSOEVER, IN WHOLE OR IN PART, EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY CITY AND DULY RECORDED IN THE OFFICIAL RECORDS OF JEFFERSON COUNTY, OREGON.
- IF A PROVISION OF AN EASEMENT IS DETERMINED TO BE UNENFORCEABLE IN ANY RESPECT, THE ENFORCEABILITY OF THE PROVISION IN ANY OTHER RESPECT AND OF THE REMAINING PROVISIONS OF THIS AGREEMENT WILL NOT BE IMPAIRED.
- IN THE EVENT THAT ANY PARTY BRINGS ANY SUIT, ACTION, OR ARBITRATION TO ENFORCE OR SEEK INTERPRETATION OF ANY PROVISION OF ANY EASEMENT CREATED BY THIS PLAT, THE PREVAILING PARTY IN SUCH SUIT, ACTION, OR ARBITRATION WILL BE ENTITLED TO ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH SUCH SUIT, ACTION, OR ARBITRATION, INCLUDING EXPERT WITNESS FEES, AND SUCH AMOUNT AS THE COURT OR ARBITRATOR MAY DETERMINE TO BE REASONABLE AS ATTORNEY FEES THEREIN, INCLUDING ATTORNEY FEES IN CONNECTION WITH ANY APPEAL FROM A DECISION OF THE TRIAL COURT OR AN INTERMEDIATE APPELLATE COURT OR ANY ACTION TO ENFORCE THE DECISION OF THE ARBITRATOR.

REVIEW COPY
REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
NOVEMBER 10, 2009
JASON L. SIMES
03290PLS
EXPIRES 6/30/24

H.A. M'COY
ENGINEERING & SURVEYING LLC

1180 SW LAKE ROAD SUITE 201
REDMOND, OR 97756
(541) 923-7554

PREPARED FOR: WOOD HILL HOMES, INC.
70 SW CENTURY DRIVE, SUITE 100-240
BEND, OR 97702

ATTACHMENT A

**CITY OF MADRAS
COMMUNITY DEVELOPMENT DEPARTMENT
125 SW "E" Street Madras, OR, 97741
541-475-2344**

PLANNING COMMISSION FINDINGS AND DECISION

FILE: MP-22-1 and SD-22-2

**APPLICANT/
PROPERTY OWNER:** Wood Hill Homes/George Hale
Jay Sehgal and Satish Puri
PO Box 430
Redmond, OR 9756

**SURVEYOR/
ENGINEER:** H.A. McCoy Engineering & Surveying, LLC
1180 SW Lake Road, Suite 201
Redmond, OR 97756
(541) 923-7554

120-DAY STATUS: The application for the Subdivision was submitted on May 25, 2022 and the Master Plan application was submitted on May 9, 2022. The application was deemed complete on June 3, 2022. This land use decision was rendered on day 33 of the 120-day clock.

LOCATION: The property is located south of Loucks Road and north of the existing Morning Crest Estates neighborhood and is not addressed and is identified as tax lots 11-13-01-AC-500 and 600 Jefferson County.

ZONING: Planned Residential Development (R-3)

REQUEST: Subdivision and Master Plan approval

REVIEW TYPE: Type III

STAFF REVIEWER: Jeff Broderick, Associate Planner
jbroderick@cityofmadras.us
541-475-2344

APPLICABLE STANDARDS AND CRITERIA:

1. Chapter 1 Government and Administration, Definitions, Right of Entry, Power to Charge Fees and Rates by Resolution.
2. Chapter 3, System Development Charges authority
3. Chapter 10, Traffic Control.
4. Chapter 18 of the Madras Municipal Code (Development Code):
 - a. Chapter 18.10 – Basic Provisions (does this need to be in the finding or can we just refer to this?)
 - b. Chapter 18.15 – Land Use Zone
 - c. Chapter 18.20 – Public Improvement Standards
 - d. Chapter 18.25 _ Supplementary Provisions
 - e. Chapter 18.30 _ Supplemental Standards for Certain Uses
 - f. Chapter 18.55 – Master Plans
 - g. Chapter 18.60 – Land Divisions, Replats, and Property Line Adjustments
 - h. Chapter 18.80 – Administrative Provisions
6. City of Madras Comprehensive Plan (Ordinance No. 918)
7. City of Madras Public Improvement Design & Construction Standards, Ordinance #922, as amended.
8. City of Madras Transportation Systems Plan, 2019 (Ordinance NO. 926).
9. City of Madras Wastewater System Plan Master Plan, 2018 (Ordinance No. 918).
10. Stormwater Master Plan, April 2005.
11. City of Madras Parks and Open Space Master Plan (2019).
12. City Resolution 33-2020, City Fee Rate and Schedule as amended.
13. ITE Trip Generation Manual, Handbook and User’s Guide, 10th Edition.

FINDINGS OF FACT:

1. PROPERTY LOCATION:

The property is located south of Loucks Road and north of the existing Morning Crest Estates neighborhood and is not addressed and is identified as tax lots 11-13-01-AC-500 and 600, Jefferson County.

2. ZONING AND COMPREHENSIVE PLAN DESIGNATION:

The property is designated and zoned Planned Residential Development (R-3) on the City of Madras Urban Area Comprehensive Plan and Zoning Map (*see Figure 2 below*).

3. SITE DESCRIPTION AND SURROUNDING USES:

The subject property fronts NE Loucks Road on the north, the future Claremont Road on the east, the Bel-Air neighborhood to the west and the Morning Crest neighborhood to the south. Per Drawing P1.0 submitted by Applicant, the tax lot ending 500 is 25.5 acres in size and the tax lot ending in 600 is 9.93 acres for a total of 35.43 acres.

From Subject Property	Existing Land Use	Map & Taxlot	Existing Zoning
North	Agricultural north of Loucks Road	11-13-01-00-00100 and 00101	A-1

Northeast	Large lot residential on the northeast corner of subject property	11-13-01-AC-00100, 00200, 00300, 00400	RR-5
South	Residential subdivision	Many	R-3
East	Agricultural	11-13-01-AD-00300 and 01000	RR-5
West	Residential subdivision	Many	R-1

4. **PROPOSAL:**
Residential Subdivision and Master Plan approval.

Figure 1. Aerial Photograph of Subject Property.



Figure 2. Comprehensive Plan Designation and Zoning.



EXHIBITS

The following exhibits make up the record in this matter and are on file with the Community Development Department and are incorporated herein by reference into this land use decision to demonstrate compliance with the applicable approval criteria and supplement the findings and conditions of approval.

1. **Exhibit A:** Subdivision application, master plan application and supporting information submitted by the applicant on May 25, 2022 and thereafter.
2. **Exhibit B:** June 10 and June 21, 2022 Adjacent Property Owner Notice.
3. **Exhibit C:** June 10, 2022 Development Team Notice.
4. **Exhibit D:** The City of Madras Public Works Director Memorandum (Public Works Memorandum) regarding the proposed development dated June 29, 2022.
5. **Exhibit E:** Development Team comments

Sagebrook Subdivision and Master Plan

File Nos. SD-22-2 and MP-22-1

Page 4 of 82

5. PROCEDURES, STANDARDS, AND APPROVAL CRITERIA

Chapter 18.15 - LAND USE ZONES

...

18.15.060 Planned residential development (R-3).

(1) **Purpose.** The intent of the R-3 Zone is to recognize and enhance areas of scenic quality and view amenities, including:

(a) To allow for flexibility in project design while providing for essential development standards;

(b) To encourage development which is sensitive to the natural topography of the site, minimizes alterations to the land, and maintains and enhances significant natural resources;

(c) To provide for projects which are compatible with surrounding developments; and

(d) To ensure that the project's circulation system is designed to be efficient and well integrated with the City's overall circulation system and does not dominate the project.

FINDING: Staff will review applications submitted by Applicant in accordance with the above stated standards.

(2) **Permitted Uses.** The following uses are permitted outright in the Planned Residential Development (R-3) Zone:

(a) Single-family dwellings, including without limitation townhomes, must have a fully enclosed garage with a garage door, attached or detached from the dwelling, that is sufficient to store an average-size car (minimum 150 square feet) and constructed of similar materials, colors, and designs as the dwelling. Townhomes must also comply with the special provisions of MDC 18.30.190.

FINDING: Applicant has proposed a mix of 188 single family residential parcels and 40 townhome parcels, both uses permitted outright in the R-3 zone. Townhome parcels will be reviewed including the special provisions of MDC 18.30.190.

(b) Duplexes and triplexes must have a fully enclosed garage with a garage door for each dwelling unit, attached or detached from the dwelling, that is sufficient to store an average-size car and constructed of similar materials, colors, and designs as the dwelling.

FINDING: Applicant submitted applications for a Subdivision and Master Plan but not development permit applications. Upon application for development permits, Staff shall review applications in accordance with development code and standards in effect at the time the Master Plan application (File MP-22-1) was submitted for the duration of the Master Plan which is valid for 3 years unless applicant requests more time (MMC 18.55.010)

(c) **Apartments must meet the special storage required in subsection (13) of this section.**

Sagebrook Subdivision and Master Plan
File Nos. SD-22-2 and MP-22-1
Page 5 of 82

FINDING: Apartments have not been proposed as part of this Master Plan and Subdivision applications, so this standard does not apply.

(d) Accessory structure(s) under 950 square feet (shipping containers or the like are not allowed).

FINDING: Applicant has not proposed accessory structures, although per MMC 18.15.060(2)(d), accessory structures are permitted. If the Applicant later decides to construct accessory structures, development permits shall be reviewed in accordance with the standards for this type of development at the time the application is deemed complete.

(e) Day care facility (one to five children).

FINDING: Applicant has not proposed day care facilities, so this standard does not apply.

(f) Public parks, recreation areas, and community centers.

FINDING: Applicant has set aside 0.95 (Drawing P1.0) acres as a park, an allowed use in the R-3 zone.

(g) Model homes shall be allowed only after construction plans have been approved by the Public Works Director; occupancy and use prohibited until documentation has been received by the Public Works Director that the utilities have been connected.

(h) Residential home facilities in accordance with ORS 197.665 (e.g., adult foster care).

(i) Residential care facilities in accordance with ORS 197.667 (e.g., adult foster care).

FINDING: Applicant has not proposed model homes, residential home facilities or residential care facilities, but these are allowed uses in the R-3 zone.

(3) Conditional Uses.

(a) Schools.

(b) Day care facilities (more than five children).

(c) Accessory structures over 950 square feet (shipping containers or the like are not allowed).

(d) Bed and breakfasts (see MDC 18.30.080).

(e) Home occupations (see MDC 18.30.090).

FINDING: Conditional uses have not been proposed by Applicant. Should conditional uses be proposed in the future, these will be reviewed by the standards in effect at the time a conditional use application is deemed complete.

(4) Lot Size Requirements.

(a) The minimum lot size in the R-3 Zone is 6,000 square feet, except that lots containing duplexes must be a minimum of 8,000 square feet, lots containing triplexes must be a minimum of 10,000 square feet, and lots containing apartments must be a minimum of 12,000 square feet for the initial four dwelling units plus 2,000 square feet for each additional dwelling unit.

FINDING: Staff finds that per Drawing P1.0 and Drawings P1.5-P1.6 submitted by Applicant, all 148 single-family residential lots are a minimum of 6000 square feet in size and meet City standards for lot size. Staff finds that per Drawing P1.6, 36 of 40 proposed townhome parcels meet townhome standards and the four corner lots do not meet standards set forth in MMC 18.30.190-Townhouse design and development standards. Townhouse design standards will be reviewed in more detail including detailed findings and conditions in MMC 18.30.190.

(b) Each lot must have a minimum street frontage of 50 feet, except for lots fronting on a cul-de-sac turnaround, upon which said frontage may be reduced to 40 feet.

FINDINGS: Per Based on measurements provided on Drawings P1.5 and P1.6, 139 of 140 single-family residential parcels meet this standard. Lot 121 does not have a street frontage measurement listed but based on Staff measuring the street frontage of this parcel using the scale provided on Drawing P1.5, Applicant meets this standard. The 40 proposed townhome lots also have frontages that meet the above stated standard and will be reviewed in more detail in MMC 18.30.190.

CONDITION OF APPROVAL: Applicant shall label dimensions of all parcels on drawing submitted to the City prior to final plat review.

(5) *Setback Requirements.* The minimum setback requirements for structures from property lines are as follows:

FINDING: Although setbacks are not specifically labeled for each parcel on Drawings P1.5 and P1.6, Staff finds there are setback lines indicated for all 188 parcels and setback requirements are listed at the top of Drawings P1.5 and P1.6 that meet the above stated requirements.

(a) *Front Setback.* The minimum depth of a proposed structure from the front setback is 12 feet from the property boundary line; or 12 feet from an existing public easement if such easement abuts the front property line.

FINDING: Based upon Drawings P1.5 and P1.6, Staff finds all parcels meet the above standards, with setbacks given as 12 feet from the front property line and the Public Works Director has approved a Public Utility Easement (PUE) setback of eight feet.

(b) *Side and Rear Setbacks.* The minimum side and rear setbacks for any proposed structure are five feet from the property line.

FINDING: Based on Drawings P1.5 and P1.6, Staff finds all parcels meet side and rear setback standards.

(c) *Corner Setback.* For a lot with more than one property line abutting a street, proposed structure(s) must be at least 12 feet from these property lines.

FINDING: Staff finds that per Drawings P1.5 and P1.6, other than proposed townhome lots 9, 28, 29 and 48, all corner setback requirements have been satisfied. Lots 9, 28, 29 and 48 do not meet side setback criteria and these parcels are reviewed in more detail in MMC 18.30.090.

(d) Apartment Setback. Notwithstanding anything herein to the contrary, apartments must be set back 15 feet from all property lines. When abutting a detached single-family dwelling, apartments must be set back an additional one-half (½) foot for each one foot of building height above 20 feet.

FINDING: Applicant has not proposed apartments so this criterion does not apply.

(6) Height of Building. No building may exceed a height of 35 feet when measured from the ground to the peak of the roof.

FINDING: Applicant has not provided structural construction plans so Staff could not determine if Applicant meets this standard. When Applicant submits development plans, height of structures will be reviewed for compliance with applicable standards in place at that time.

(7) Off-Street Parking and Loading. Off-street parking and loading within the R-3 Zone must be provided in accordance with the provisions of MDC 18.25.040.

FINDING: Applicant has not provided structural construction plans so Staff could not determine if Applicant meets this standard. When Applicant submits development plans, parking will be reviewed for compliance with applicable standards in place at that time.

(8) Sanitation Regulations. Before any structure receives a certificate of occupancy, it must be connected to the City sewer system where the structure is within 300 feet of an existing City sewer.

FINDING: Per drawings P1.7 and P1.8, Applicant proposes to construct or utilize existing sewer lines along frontages of most proposed lots. Staff notes that on Drawing P1.8, Applicant proposes to serve lots 50, 51, 52, and 53 and lots 85 and 86 via a sanitary sewer easement. Staff was unable to determine if lot 84 has sewer service as Drawing P1.8 does not indicate lot 84 has sewer service fronting the east or south side of the parcel and no easement is proposed that would serve lot 84. Staff does not that there is a proposed sewer line near lot 84 in proposed Road 2. Applicant shall also review the Public Works Memorandum for details about sizing, depth and specific locations of sewer services and related facilities.

CONDITION OF APPROVAL: Prior to certificate of occupancy, all residential structures shall be connected to City sewer and DVWD water systems and Applicant shall demonstrate compliance with the above criteria, including compliance with the Public Works Memorandum, identifying a recording with Jefferson County about any easements related to sewer or water service during development permit review.

(9) Water Regulations. Before any structure receives a certificate of occupancy, it must be connected to the City water system unless authorized by the City for connection to an adjoining water system.

FINDING: The City of Madras does not provide this area with water service and Staff finds Deschutes Valley Water District is the jurisdiction providing domestic water services. Per Drawings P1.7 and P1.8, Staff finds all proposed lots have domestic water service on at least Sagebrook Subdivision and Master Plan
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one side of each lot. Staff also notes Applicant proposes to abandon an existing water main across lots 85, 87, 91 and 99. Staff finds that with this proposed abandonment, all proposed lots still will have direct access to domestic water infrastructure.

CONDITION OF APPROVAL: If Applicant intends to abandon any existing sewer or water infrastructure, per the Public Works Director, this shall be addressed during construction plan review.

(10) Flood Hazard Areas. Any structure proposed to be located in the flood hazard area must meet the standards of the Federal Emergency Management Agency (FEMA) and Chapter 18.45 MDC.

FINDING: Per the 1989 FIRM panel 410101 0209 B with an effective date of July 17, 1989, the proposed subdivision is in Zone X and outside of known flood hazards; hence, Chapter 18.45 does not apply.

(11) Lighting. All lighting must comply with the outdoor lighting standards.

FINDING: Applicant did not provide plans for lighting and Staff could not identify where street lights are proposed on Drawings P1.7 and P1.8.

CONDITION OF APPROVAL: Applicant shall comply with the Public Works Memorandum regarding street light installation and standards and provide light plans prior to starting construction of construction of public improvements. Lighting will be reviewed more extensively in MMC 18.25.160 and any other applicable section of City code with findings and conditions of approval found therein.

(12) Landscaping. All landscaping must comply with the landscaping standards.

FINDING: Applicant did not provide landscaping plans as part of their application materials.

CONDITION OF APPROVAL: Prior to issuance of development permits Applicant shall provide plans meeting landscaping standards in effect at the time of issuance of development permits and for the proposed townhome development in phase 4, a landscaping plan shall be required as part of site plan review.

(13) Storage. Apartments must provide a minimum of 24 square feet of storage per dwelling unit, which must be individually assigned to each dwelling unit, and located in or adjacent (up to 200 feet) to each dwelling unit. Notwithstanding the foregoing, at least six square feet must be located inside the dwelling unit. Only storage areas with six feet or more of vertical clearance shall count towards the minimum storage requirements. [Ord. 945 § 2 (Exh. B), 2020; Ord. 943 §1.1 (Exh. A), 2020; Ord. 933 § 3.6, 2019.]

FINDING: Applicant does not propose apartments at this time, so this criterion does not apply. Should Applicant later propose apartments, Applicant shall provide plans meeting storage standards in effect at the time an application is deemed complete.

Chapter 18.20 - PUBLIC IMPROVEMENT STANDARDS

18.20.010 Compliance required.

All development must be in compliance with this chapter. [Ord. 933 § 4.1, 2019.]

FINDING: Staff finds Applicant is subject to the provisions MMC 18.20.

18.20.020 Streets.

(1) Access. No development may occur unless the development has frontage or approved access to a public or private street and the following standards are met:

(a) Streets within or adjacent to a development must be improved in accordance with the design and construction standards.

FINDING: Staff finds Applicant has proposed streets widths, landscape strips and sidewalks that meet this standard. Within the proposed development, Staff notes that proposed local streets shown on Drawings P1.5 and P1.6 have a width of fifty five (55) feet. Proposed NE 16th Street and proposed Road 4 between NE 16th Street and NE Kinkade are designated as minor collectors in the Madras Transportation System Plan dated June 2019 (Madras Functional Roadway Classifications-Figure 3) and are proposed to be sixty (60) feet in width. There are also two private streets or alleys, both of which are proposed to be at least 20 feet in width and meet standards for these facilities. NE Loucks Road and NE Kinkade Road run adjacent to the proposed subdivision. Both of these roads are designated as major collectors in the 2019 TSP and are below City standards for this type of street and the standard width for a major collector is 70 feet.

Per the Public Works Memorandum, Loucks Road is designated as Major Collector and is required to be improved adjacent to the development to Major Collector Standards from centerline to the south side adjacent to the property to include a minimum of 35.5 feet of pavement to accommodate a 5.5-foot bike lane, 12-foot westbound travel lane, 6 feet for half of the center turn lane, and 12 feet for eastbound travel lane. The applicant will be required to dedicate five (5) feet of property to meet Major Collector standards. Loucks Road shall be improved as part of Phase 1. Transportation System Development Charge credits are available for oversizing the street from a Local Street to Major Collector. Cost differential between a Local Street and a Major Collector is approximately 10% for the additional pavement, base rock, excavation, and property required.

The Public Works Memorandum also specifies standards for Kinkade Road as follows: Kinkade Road is designated as Major Collector and is required to be improved adjacent to the development to Major Collector Standards for a ¾ street (sidewalk/planter strip property side, curbing both sides, pavement 47' wide) improvement from the southern boundary property line to Loucks Road. The applicant will be required to dedicate thirty five (35) feet of property to meet Major Collector standards. Kinkade Road shall be improved as part of Phase 4. Transportation System Development Charge credits are available for oversizing the street from a Local Street to Major Collector. Cost differential between a Local Street and a Major Collector is approximately 13% for the additional pavement, base rock, excavation, and property required.

CONDITION OF APPROVAL: Applicant shall make improvements to internal streets within the proposed development that meet standards set forth in the Public Works Memorandum, improve NE Loucks Road and NE Kinkade Road in accordance with the Public Works Memorandum and dedicate needed right of way for all road improvements. Improvements and right of way dedications shall be made prior to final plat of each respective phase per the Public Works Memorandum.

(b) Development of new streets, and additional street width or improvements planned as a portion of an existing street, must be improved in accordance with this section, and public street right-of-way and private street easements must be dedicated to the City.

(c) All new and/or existing streets and alleys must be paved per the design and construction standards.

FINDING: Each proposed lot has frontage on a public street and the applicant proposes a set of streets to provide adequate access to each of the lots. It shall be made a condition of approval that a set of engineered construction plans be submitted to the City for review and approval prior to any work commencing. Each of the streets shall be paved in accordance with City standards and specifications. A set of construction plans will be submitted to the City for review and approval prior to any work commencing and necessary dedications of land shall be made per the Public Works Memorandum. The proposal as outlined meets the above requirements.

CONDITION OF APPROVAL: Prior to final plat of each phase, Applicant shall make street improvements and dedicate necessary right of way in accordance with the Public Works Memorandum and more details about improvements and dedication requirements are found throughout this decision and in the Public Works Memorandum.

(2) General. The location, width, and grade of streets must be considered in their relation to existing and planned streets, topographical conditions, public convenience and safety, and the proposed use of land to be served by the streets. The street system must assure an adequate traffic circulation system with intersection angles, grades, tangents, and curves appropriate for the traffic to be carried considering the terrain. Subdivisions must provide for the continuation of the principal streets existing in the adjoining subdivision or of their proper projection. Where, in the opinion of the Planning Commission, topographic conditions make such continuation or conformity impractical, exception may be made. In cases where the City has adopted a master development plan, street plan, or plat of a neighborhood or area of which the development is a part, the development must conform to such adopted plans or plat.

FINDING: Staff determined Applicant meets the above stated standards for these reasons: Per Drawing P1.2, Staff finds the general nature of subject parcels to be generally flat with the high point of the parcel being 2330 feet in elevation at the northeast corner and sloping generally to the southwest, with a low point of 2387 at the southwest corner. Proposed streets provide adequate access to all proposed lots with proposed streets running east-west all the way through the neighborhood to future Kinkade Road and proposed streets 5 and 6 networking with east-west streets to the greatest extent that is practical (Drawings P1.0, P1.5, P1.6), street intersections are generally at 90-degree angles and per Drawing P1.5, Staff notes that Streets 2, 3 and 4 have been proposed to shift their trajectory from east to west slightly at their intersections with NE 16th Street to provide an intersection angle that is 90-degrees. Also, per Drawing P1.0, Applicant has proposed the continuation of NE 16th Street from the adjoining Morning Crest neighborhood through the proposed Sagebrook subdivision to NE Loucks Road.

(3) Existing Streets. Whenever existing streets, adjacent to or within a development, are of inadequate width to accommodate the increase in traffic expected from the development or by the City's transportation policies, additional right-of-way must be provided at the time of the land development by the applicant. During consideration of the development, the City Public Works Director will determine whether the

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improvements to existing streets, adjacent to or within the development, are required. If so determined, such improvements shall be required as a condition of approval of the application. Improvements to adjacent streets shall be required where traffic on said streets is directly affected by the proposed development.

FINDING: Per Drawings P1.5 and P1.6, both NE Loucks Road and NE Kinkade Road are designated as major collectors. Applicant has proposed dedicating six feet of right of way (Drawing P1.5) for right of way along NE Loucks Road and the Public Works Memorandum is requiring five feet of right of way be dedicated along NE Loucks Road prior to the final plat of phase 1. To meet City standards along NE Kinkade Road, the Public Works Memorandum states 35 feet of right of way shall be dedicated prior to phase 4. The Public Works Memorandum states that Loucks Road is designated as Major Collector and is required to be improved adjacent to the development to Major Collector Standards from centerline to the south side adjacent to the property to include a minimum of 35.5 feet of pavement to accommodate a 5.5-foot bike lane, 12-foot westbound travel lane, 6 feet for half of the center turn lane, and 12 feet for eastbound travel lane. The applicant will be required to dedicate five (5) feet of property to meet Major Collector standards. Loucks Road shall be improved as part of Phase 1. Transportation System Development Charge credits are available for oversizing the street from a Local Street to Major Collector. Cost differential between a Local Street and a Major Collector is approximately 10% for the additional pavement, base rock, excavation, and property required.

CONDITION OF APPROVAL: Applicant shall dedicate five feet of right of way along NE Loucks Road prior to the final plat of phase 1 and 35 feet of right of way along the west side of NE Kinkade Road prior to the final plat of phase 4. Prior to final platting of phase 1, Applicant shall make improvements to Loucks Road adjacent to subject property and prior to final platting of phase 4, Applicant shall make improvements to Kinkade Road to the standards set forth in the Public Works Memorandum.

FINDING: The Public Works Memorandum finds the applicant submitted a TIA prepared by Ferguson and Associates, Inc. dated April 26, 2022 detailing 1,665 daily trips at full buildout. Per the applicants Transportation Impact Analysis, the 2028 buildout warranted left turn lanes at the intersection of Loucks Road/Jefferson Street and US Hwy 97. The City's Transportation System Master Plan also identified the need for left turn lanes on the highway as well as Loucks Road at this intersection along with realignment of intersection for safety issues. The improvements are eligible for Transportation System Development Charge credits for property acquisition, design and construction of the improvements. Since the applicant's proposed traffic impacts will warrant the need for the improvements at the intersection of US Hwy 97 and Loucks Road/Jefferson Street, and it has been identified in the City's Transportation System Master Plan as a need, it is eligible for Transportation System Development Charge credits. The Public Works Memorandum requires the improvements to the Loucks Road/Jefferson Street improvements to be complete prior to the final plat of phase one of this development.

CONDITION OF APPROVAL: Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.

(4) Minimum Right-of-Way and Roadway Width. The street right-of-way and roadway surfacing widths must be in conformance with standards and specifications set forth in the design and construction standards.

FINDING: Based on the plans submitted by Applicant, the proposed streets within the proposed subdivision meet City standards. Streets designated as local streets are proposed to have 55-foot rights of way, streets designated as minor collectors are proposed to have 60-foot rights of way and streets designated as major collectors are proposed to have 70-foot rights of way.

CONDITION OF APPROVAL: Per the Public Works Memorandum, Applicant shall dedicate 55 feet for right of way for streets designated as local streets, dedicate 60 feet of right for streets designated as local collectors and dedicate necessary right of way per the Public Works Memorandum for streets designated as major collectors. Applicant shall also make street improvements to streets that meet the standards and phasing as set forth in the Public Works Memorandum.

(5) Extension of Streets. Streets must be extended “to and through” the development, meaning that streets meeting the design and construction standards are extended along all frontages. The resulting dead-end streets may be approved without a permanent turn-around.

FINDING: Applicant has proposed extending NE 16th Street from the existing Morning Crest neighborhood immediately to the south of the proposed Sagebrook Subdivision north to Loucks Road and has proposed two streets that connect from the proposed neighborhood to the future Kinkade Road. Extensions to the Bel Air neighborhood to the west have not been proposed as that neighborhood is fully built out and constructing a new street connecting to the Bel Air neighborhood is not possible. Existing NE Loucks Road along the north side of the subdivision shall be improved to City standards along the length of the road abutting the proposed subdivision and NE Kinkade Road will be improved along the entire eastern length of the proposed subdivision. Streets within the proposed subdivision are proposed to extend to the greatest extent that is practical and any dead end streets are designed as cul-de-sacs.

CONDITION OF APPROVAL: Applicant shall make street improvements and dedications of right of way that meet the standards and phasing as set forth in the Public Works Memorandum. Specifically, NE Loucks Road shall be improved as part of phase 1 and NE Kinkade Road shall be improved as part of phase 4. Internal street improvements and dedications shall be completed concurrent with each respective phase.

FINDING: The Public Works Memorandum finds the applicant submitted a TIA prepared by Ferguson and Associates, Inc. dated April 26, 2022 detailing 1,665 daily trips at full buildout. Per the applicants Transportation Impact Analysis, the 2028 buildout warranted left turn lanes at the intersection of Loucks Road/Jefferson Street and US Hwy 97. The City’s Transportation System Master Plan also identified the need for left turn lanes on the highway as well as Loucks Road at this intersection along with realignment of intersection for safety issues. The improvements are eligible for Transportation System Development Charge credits for property acquisition, design and construction of the improvements. Since the applicant’s proposed traffic impacts will warrant the need for the improvements at the intersection of US Hwy 97 and Loucks Road/Jefferson Street, and it has been identified in the City’s Transportation System Master Plan as a need, it is eligible for Transportation System Development Charge credits. The Public

Works Memorandum requires the improvements to the Loucks Road/Jefferson Street improvements to be complete prior to the final plat of phase one of this development.

CONDITION OF APPROVAL: Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.

(6) Frontage and Access. If a development abuts or contains an existing or proposed collector or arterial street, the Public Works Director shall restrict or limit access by means consistent with the design and construction standards. The Public Works Director may require private streets with access easements, reciprocal access easements, access restriction agreements, reserve strips, or similar requirements to achieve the objectives of this subsection. Provision may be made for emergency access. All private streets and access drives must comply with applicable standards set forth in the design and construction standards.

FINDING: Staff finds Applicant has proposed two lots (lots 85 and 86) with their only access taken from proposed NE Kinkade Road which is designated as a major collector in the June 2019 TSP. Other lots proposed by Applicant meet frontage and access standards.

CONDITION OF APPROVAL: Prior to final plat of Phase 1, revise and resubmit plans for lots 85 and 86 to Community Development that comply with City standards to not take access from NE Kinkade Road.

(7) Continuation of Streets. New streets or street extensions that constitute the continuation of existing streets in contiguous territory must be aligned along their respective centerlines to produce a straight street. Where straight line continuations are not possible, such centerlines shall be continued as curves. These streets or the continuation of streets in contiguous territory may be required by the Public Works Director where such continuation is necessary to maintain the function of the street or desirable to support development of the surrounding area. Where solar orientation would not be possible if the street area continued, a new pattern acceptable to the Public Works Director may be started that is solar-oriented.

FINDING: The only existing street proposed for continuation within the subdivision is NW 16th Street. On Drawings P1.0 and P1.5, NE 16th Street extends from an existing stub in the Morning Crest neighborhood through the proposed subdivision to NE Loucks Road. Where proposed NE 16th Street meets the existing stub at the Morning Crest neighborhood and where proposed NE 16th Street meets NE Loucks Road are straight lines. In the proposed Sagebrook subdivision, NE 16th Street is proposed to curve slightly to the northwest just north proposed Street 4 and again curve back to the north just south of proposed Street 2. Based on the proposed extension of NE 16th Street, Applicant meets the above criteria. Findings related to improvements to existing NE Loucks Road and improvements to the future NE Kinkade Road are found throughout these findings and decision.

(8) Street Layout. Streets should be oriented to form a grid to the greatest possible extent.

FINDING: Based on Drawings P1.0, P1.5 and P1.6, Staff finds Applicant has proposed a street network to form a grid to the greatest possible extent.

(9) Intersection Angles. Street intersections must be as near right angles as possible except where topography requires a lesser angle, but in no case shall the acute angle be less than 60 degrees.

FINDING: Based on Drawings P1.0, P1.5 and P1.6, Staff finds all proposed street intersections are 90 degree intersections.

(10) Street Names. Except for extensions of existing streets, no street name may be used which will duplicate or be confused with the name of an existing street in a nearby city or in the County. Street names and numbers must conform to the established pattern in the City and are subject to the approval of the Fire Department and Public Works Director.

FINDING: Other than a continuation of NE 16th Street, Applicant has not proposed street names.

CONDITION OF APPROVAL: Prior to final plat approval for each phase, Applicant shall comply with the above stated standards regarding street names.

(11) Alignment and Separation. The alignment of streets and the separation distances between streets shall be governed by the design and construction standards. [Ord. 933 § 4.2, 2019.]

FINDING: Staff finds the alignment and separation distances between streets meets City standards.

18.20.030 Sidewalks and pedestrian amenities.

(1) Sidewalks. Sidewalks are required to be installed along all frontages of the subject property and on both sides of internal streets unless waived by the Public Works Director. The location of the sidewalks, whether curb side or property lines, will be determined by the Public Works Director.

FINDING: Staff finds that per Drawings P1.7 and P1.8, Applicant has provided plans for six-foot sidewalks on both sides of all local streets within the subdivision, the extension of NE 16th Street through the subdivision and along the frontages of NE Loucks Road and Kinkade Road.

CONDITION OF APPROVAL: Per the Public Works Memorandum, the sidewalk adjacent to Loucks Road, Kinkade Road and the Park shall be constructed prior to recording of final plat in each of their respective phases. All other sidewalks may be constructed at time of building permit for each respective lot. ADA complaint ramps will be installed at all street intersections and include detectable warning plates. Each ramp entering the road way must have an opposing receiving ramp to accept pedestrians. All curb ramps are to have the City of Madras cast iron detectable warning plates per East Jordan Iron Works or approved equal. The City follows ODOT Standard Detail 1720 and

1721 for design of ADA ramps. All ramps constructed will be inspected with ODOT Form 734-5020. The applicant will be responsible for insuring that ramps are in full compliance with the form. Any deficiencies in the ramp are to be corrected before acceptance of the project and receipt of certificate of occupancy. Tubular markers shall be inserted in the curb at the inside radius and apex of the outside radius of curb extensions. Hardscape areas in between ramps. ADA ramps will be constructed prior to recording of final plat in each respective phase.

(2) Bicycle Routes/Multi-Use Paths. If appropriate to the extension of a system of bicycle routes and multi-use paths, existing or planned, the City may require the installation of separate bicycle lanes within streets and/or the dedication of easements or rights-of-way for multi-use paths. [Ord. 933 § 4.3, 2019.]

FINDING: Per the Transportation System Plan (TSP, June 2019), Figure 7 shows a planned shared-use path along NE Kinkade Road from NE Oak Street to NE Loucks Road. After consultation with the Acting Public Works Director on June 28, 2022, the proposed shared-use path along NE Kinkade Road is to be located on the east side of Kinkade. Therefore, Applicant is not responsible for shared use paths on the east side of Kinkade. However, per the Public Works Memorandum, Applicant shall accommodate a 5.5-foot wide bike lane on the side of Loucks Road abutting subject property and a 5.5-foot wide bike lane on the west side of Kinkade Road as part of required public improvements and ROW dedications.

CONDITION OF APPROVAL: Applicant shall construct bike lanes per the Public Works Memorandum with a minimum of a 5.5-wide bike travel lane and dedicate right of way as part of overall right of way dedication requirements. Per the Public Works Memorandum, improvements and dedications related to Loucks Road shall be completed prior to final plat of phase one and improvements and dedications related to Kinkade Road shall be completed prior to final platting of phase four.

18.20.040 Access.

Every lot must abut a street (other than an alley) for at least 50 feet and access to all lots or parcels must comply with the access management strategies contained in the Transportation System Plan. Notwithstanding the foregoing, zero-lot line subdivisions (as defined in MDC 18.60.110) may have as little as 25 feet of frontage where access is taken from a shared rear alley; properties abutting a cul-de-sac only require 30 feet of frontage; and properties within commercial zones may have as little as 30 feet, provided access is shared with at least one adjoining property with no less than 30 feet of frontage. [Ord. 933 § 4.4, 2019.]

FINDING: Per Drawings P1.5 and P1.6, Staff finds that all proposed lots not intended for townhomes that are part of proposed Phase 4 (Drawing P1.6) show that all lots either front a street for at least 50 feet or at least 30 feet if located on a cul-de-sac with one exception which is lot 121 on Drawing P1.5. The length of the lot fronting the cul-de-sac was not listed, although upon measuring the street frontage, lot 121 appears to meet the standard for cul-de-sac frontage. Townhouse frontage standards will be reviewed as part of Chapter 18.30.090. Lots 85 and 86 (Drawings P1.0, P1.6 and P1.8) only take access from NE Kinkade Road which is designated as a major collected and per the 2019 Madras TSP, taking access from a major collector is not permitted. Staff notes that lots 85 and 86 are part of Phase 4 and border Phase 3 on their western boundaries.

CONDITION OF APPROVAL: Street frontage dimensions for all proposed lots shall be listed on the final plat prior to final plat approval.

CONDITION OF APPROVAL: Prior to final plat of Phase 1, Applicant shall demonstrate how proposed lots 85 and 86 will take access from a street or road other than Kinkade Road.

(1) Underground Facilities. All permanent utility services, both existing and any new proposed utilities infrastructure, must be provided from underground facilities and no overhead utility service shall be permitted; with the exception of poles or electroliers used exclusively for street lighting and other equipment appurtenant to underground facilities which are impractical for the utility companies to install underground. All development must:

(a) Provide underground electricity and telephone service and wiring for future street lighting. The developer must also provide such present street lighting, gas lines, and cable television or other data transmission lines as may be required by the City Public Works Director.

(b) Obtain all necessary permits for the placement of all underground utilities.

(c) Make all necessary arrangements with the utility companies and other persons or corporations affected by the installation of such underground utilities and facilities in accordance with the rules and regulations of the Public Utility Commission of the State of Oregon.

(d) All underground utilities, sewer lines, and storm drains installed in streets must be constructed prior to the surfacing of such streets to the extent practicable, and sewer lines must be placed to such lengths as will obviate the necessity for disturbing the street improvements when service connections are made.

(e) Utilities must be installed prior to paving or other surface improvements.

FINDING: According to the applicant's burden of proof, all utilities will be installed underground. Utilities will be reviewed and approved with the engineered constructions plans for the subdivision. Further, utilities will be installed in accordance with City standards and specifications. Based on the applicant meeting the requirements above, this criterion is satisfied.

CONDITION OF APPROVAL: All utilities must be installed underground consistent with MMC 18.20.050, Public Improvement Design and Construction Standards, and Public Works Director's Memorandum dated June 29, 2022 regarding the Sagebrook Subdivision.

(2) Utility Easements. Easements must be provided along property lines when necessary for the placement of utilities. Such easements must be "public utility easements" and must be marked as such on a final plat or any instrument dedicating such easements. Unless otherwise approved by the Public Works Director, utility easements must be at least 12 feet in width and centered on lot lines where possible.

FINDING: According to Drawings P1.5 and P1.6, submitted by the Applicant, the proposal includes 8 foot PUE's along the front property line of each lot and per discussions with the Sagebrook Subdivision and Master Plan
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Acting Public Works Director on June 28, 2022, the PUE as proposed is adequate in width. In addition, Staff notes proposed utility easements between lots 121 and 122 and lots 82, 82, 87 and 88.

CONDITION OF APPROVAL: All proposed public utility easements must be noted on plans submitted as part of final plat approval and dedicated, as a part of the final plat in a manner consistent with the Public Improvement Design and Construction Standards, and Public Works Director's Memorandum.

(3) Deferred Development. Locating or relocating utility installations underground for any development may be deferred when, in the discretion of the Public Works Director, impacts on existing utilities, timing of utility projects, or other considerations make deferral advantageous. Any such deferral must be memorialized in an instrument recorded against the property. [Ord. 933 § 4.5, 2019.]

FINDING: Requests for deferrals have not been received from the Applicant and the Public Works Director in the Public Works Memorandum has not required any deferrals. Should any deferrals be requested or required, the above stated standards shall apply.

18.20.060 Street trees.

(1) Purpose. This section sets standards and requirements for planting trees along all streets for shading, comfort, safety, and aesthetic purposes and is intended to implement the City of Madras Urban Forestry Plan. Requirements for street tree planting and tree wells are provided herein. Planting along unimproved streets must be deferred until after the construction of curbs and sidewalks. Such deferrals must be secured with a bond or cash deposit acceptable to the City. Street trees must conform to the following standards and guidelines:

(a) Street trees must be selected from the following list of preferred trees or of a species approved by the City Public Works Director:

Cherry (Japanese Flowering)
 Crab Apple (Pink, Red, White)
 Golden-Raintree
 Hawthorn (English, Lavalie, Washington)
 Pear, Flowering
 Plum, Flowering Purple
 Redbud, Eastern
 Ash (Green, White)
 Birch, River
 Catalpa, Northern
 Ginkgo
 Hackberry, Common
 Honeylocust, Common Thornless
 Linden (American, Crimean, Littleleaf)
 Maple (Crimson King, Schwedler, Emerald Queen, Sugar)
 Pagoda Tree, Japanese
 Sweetgum, American
 Beech (American, European)
 Kentucky Coffeetree
 Oak (Bur, Pin, Red, Scarlet, White)

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- (b) All trees must have at least a one-inch caliper trunk and must be planted in accordance with City specifications.
- (c) Trees must be spaced 30 to 40 feet apart or as recommended by the Public Works Director and must be planted no closer than 35 feet from any intersection.
- (d) Street trees must be planted within existing and proposed planting strips, or in City-approved sidewalk tree wells on streets without planting strips. Small stature trees must be planted no closer to the curb or sidewalk than three feet, medium trees – three feet, and large trees – four feet. Root barriers may be required with street tree planting to protect the City's curbs and sidewalks.
- (e) The placement of street trees may be waived if the Public Works Director finds existing street trees exist or proposed trees will interfere with existing trees, landscaping, or public or private utilities.
- (f) For land divisions, the Public Works Director may defer the planting of street trees until physical development of the site where anticipated development may result in street trees being damaged or having to be replaced.
- (g) All street trees must be maintained in a healthy and aesthetically pleasing manner. Any tree that dies or becomes diseased must be removed and replaced with a healthy tree within a reasonable time period of noticing that a tree needs to be removed. [Ord. 933 § 4.6, 2019.]

FINDING: The Public Works Director determined that the applicant or property owner of each lot will be required to install and maintain irrigation and landscaping within the public right of way between curb and sidewalk adjacent to the property. Landscaping materials are required to be pedestrian and vehicle friendly. Street trees must be provided at a rate of at least one tree per residential unit or a tree every 35 feet of spacing with irrigation between the curb and sidewalk. See City of Madras Standard Detail 7-9A for typical tree planting details. The public works department will determine species of trees planted in accordance with the Urban Forestry approved street tree list. Accommodations on spacing can be made due to locations of driveways, business signage, and sight distance. Irrigation will be supplied and maintained by the applicant. Trees are not allowed to be pruned/removed/or replaced without City approval. Street trees will be installed with installation of the homes on each of the lots. A planting plan shall be submitted as part of the engineered infrastructure plans that will be submitted, reviewed and approved by the City for each phase. Based on the applicant's ability to meet the condition of approval this criterion is satisfied.

CONDITION OF APPROVAL: The applicant will be required to install and maintain irrigation, landscaping, and street trees within the public right of way between curb and sidewalk adjacent to the property. Landscaping materials shall be pedestrian and vehicle friendly. Street trees must be provided at a rate of at least one tree per residential unit or a tree every 35 feet of spacing with irrigation between the curb and sidewalk. See City of Madras Standard Detail 7-9A for typical tree planting details. In accordance with the Urban Forestry Plan, the Public Works Department will determine species of trees planted. Irrigation shall be supplied and maintained by the applicant or property owner. Trees are not allowed to be pruned/removed/or replaced without

City approval. Street trees will be installed with installation of a dwelling on each of the lots. A planting plan shall be submitted as part of the engineered infrastructure plans that will be submitted, reviewed and approved by the City for each phase.

18.20.070 General provisions.

(1) Street Lighting. The developer must provide street lighting with underground wiring to the standards set forth in the design and construction standards.

FINDING: Standards for Street Illumination are set out in Section 8 of the Public Improvement Design and Construction Standards whereas all new developments and subdivisions are required to provide street lighting compatible with City Standards. The standard light classification for residential zones is Cobra Head style LED lights per current Pacific Power and Light Standards on an aluminum pole. Placement of streetlights shall be at intersections, at stripped crosswalks, in the middle of long blocks, in dead end streets, and in the end of long cul-de-sacs. Spacing is optimally 275 feet between lights but in no case shall exceed 400 feet between lights. All street lighting shall be shown on the construction plans that are submitted to the City. Submit plans and specifications to the Public Works Department for approval prior to platting each phase of development. Staff were not able to identify plans for lighting on plans submitted by Applicant.

CONDITION OF APPROVAL: All street lighting shall be shown on the construction plans that are submitted to the City. Submit plans and specifications to the Public Works Department for approval prior to platting each phase of development. All lighting shall be installed per the Public Works Memorandum and approved before final plat approval for each phase of development.

(2) Fire Hazards. The Fire Marshal must approve the placement of fire hydrants or other firefighting apparatus, and the points of access to the subdivision to provide the residents adequate fire safety and assured access for emergency vehicles and ease resident evacuation.

FINDING: All proposed hydrants will be installed per the requirements established by the fire code and administered by the Jefferson County Fire District #1 Fire Marshall. In addition, the subdivision has been designed to meet fire safety requirements and ensure that the residents of the subdivision can be assured safe access for emergency vehicles. Final engineered plans, including the improvements related to fire protection, will be prepared and submitted to the City for review and approval. Therefore, this criterion is met

CONDITION OF APPROVAL: The applicant shall satisfy all requirements of the Jefferson County Fire District #1, as identified in their comments dated June 16, 2022 (Exhibit E), prior to platting each phase of development.

(3) Water/Sewer. All development must provide water and sewer lines "to and through" the proposed development, be constructed to the design and construction standards, and approved by the City Public Works Director. All lots must be served from the City of Madras water system or by water systems acceptable to the City. Water mains and service lines must be installed prior to the curbing and paving of new streets. [Ord. 933 § 4.7, 2019.]

FINDING: Per Drawings P1.7 and P1.8, water service is not being extended to and through the development although Staff finds existing domestic water lines already exist along the right of way of Kinkade Road and NE Loucks Road and these plans indicate domestic water services will be constructed adjacent to all proposed lots. An existing sewer line enters the western parcel in the northwest corner and Applicant proposes to serve all parcels with sanitary sewer service.

CONDITION OF APPROVAL: Applicant shall follow the requirements of the Public Works Memorandum for sewer and domestic water service requirements. All lots shall be served by sanitary sewer and domestic water services and the Public Works Memorandum specifies standards to which sewer systems shall be built. Applicant shall provide plans for review meeting the above stated standards prior to final platting of each phase of development. All sewer and domestic water services shall be built to and through each phase of the development and connect to adjacent sewer City sewer system lines per the Public Works Memorandum.

18.20.080 Grading and drainage.

(1) Grading. Except with the approval of the Public Works Director, grading or clearing is not permitted prior to receipt of land use approval for the development. All grading must be performed to the standards set forth in the design and construction standards.

FINDING: No grading is proposed prior to the receipt of the land use approval for the subdivision. Therefore, this criterion is not applicable but Applicant is required to review grading plans with the Director of Public Works prior to construction of infrastructure.

(2) Drainage. Unless otherwise approved by the Public Works Director, all drainage must be managed on site. All development requiring grading must submit a stormwater management plan prepared by a licensed engineer demonstrating how the development will comply with the design and construction standards.

FINDING: Applicant did not submit drainage plans as part of their application materials.

CONDITION OF APPROVAL: Prior to final plat approval of each phase, Applicant shall provide drainage plans meeting City standards and the standards set forth in the Public Works Memorandum.

(3) Watercourse. If a development is traversed by a watercourse, such as a drainage way, channel, or stream, the developer must dedicate a stormwater easement or drainage right-of-way conforming substantially with the lines of the watercourse or in such further width as will be adequate for the purpose as determined by the Public Works Director. Streets or parkways parallel to major watercourses and drainage ways may be required.

FINDING: Applicant did not indicate any watercourses at the location of the proposed subdivision. However, based on findings from a Lot Line Adjustment (File LLA-22-1), based on comments provided from adjacent property owners, a pond located on adjacent property at the southwest corner of the proposed subdivision sometimes overflows onto subject property. This pond is not located on subject property and based on comments received as part of File LLA-22-1, this pond may be controlled by the Bel Air Homeowner's Association. In addition, comments received as part of LLA-22-1 also indicated the existence of an irrigation line along

the east side of subject property that serves the adjacent properties on the northeast side of subject property. In addition, there is a North Unit Irrigation District (NUID) irrigation pipe abutting or very near subject property on the southeast side of subject property. Based on comments from the North Unit Irrigation District received on March 18, 2022 as part of LLA-22-1, the NUID facility ends in the vicinity of the southeast corner of subject property with any irrigation service north of there likely in private hands. This information is included for information purposes.

CONDITION OF APPROVAL: Per the Public Works Memorandum, prior to final platting of phase 4, Applicant is required to complete all the internal infrastructure proposed in the phasing plan including improvement of Kinkade to include ROW dedication and relocation of the NUID irrigation facilities.

18.20.090 Special setbacks.

(1) If special building setback lines are to be established as part of a development, they must be shown on the tentative plan or other submittal document and memorialized on the final plat or in other deed restrictions satisfactory to the City.

FINDING: No special setbacks are proposed with the subdivision or required per code; therefore, this criterion is not applicable.

(2) If development is proposed along a street with substandard right-of-way, development on the subject property must be set back a distance from the centerline of the right-of-way equal to one-half (1/2) of the applicable minimum right-of-way width based on street classification as identified in the Transportation System Plan, plus the applicable setback for the zone in which the subject property is located. [Ord. 933 § 4.9, 2019.]

FINDING: No substandard streets have been proposed as part of this land use decision so the above criterion does not apply.

18.20.100 Improvement procedures.

In addition to other requirements, improvements to be installed by the applicant, either as a requirement of this Development Code or other applicable regulations, or at the election of the applicant, must conform to the requirements of this section.

(1) Plan Review and Approval. Improvement work must not be commenced until plans have been reviewed by the Subdivision Committee established pursuant to MDC 18.60.040. To the extent necessary for evaluation of a proposed development, such improvement plans may be required before land use approval.

(2) Improvements as Approved. Improvements must be designed, installed, and constructed as approved.

(3) Improvement Plans. Plans and maps stamped by a licensed engineer showing public improvements must be filed with the City Public Works Department prior to commencing the work.

(4) Inspection. Improvements must be constructed under the inspection and approval of the Public Works Director. The Public Works Director may accept certification of a registered professional engineer consistent with ORS 92.097. Expenses incurred shall be borne by the applicant.

(5) As-Built. "As-built" drawings stamped by a licensed engineer must be filed with the City upon completion of the public improvements. [Ord. 933 § 4.10, 2019.]

FINDING: Staff finds Applicant is subject to the above stated standards.

18.20.110 Acceptance of improvements.

Improvements must be considered for acceptance after inspection by the City Public Works Department at the time the improvements are constructed. [Ord. 933 § 4.11, 2019.]

FINDING: Prior to recording of the plat, final detailed construction plans will be required to be reviewed, approved, constructed and accepted by the Public Works Director per the Public Improvement Design and Construction Standards as a condition of approval. Based on the applicant's ability to satisfy this condition of approval, the above stated standard is satisfied.

CONDITION OF APPROVAL: Prior to recording of the plat, final detailed construction plans will be required to be reviewed, approved, constructed and accepted by the Public Works Director per the Public Improvement Design and Construction Standards.

18.20.120 Public park dedication/park fund.

All subdivisions must comply with the following standards:

(1) All subdivisions must dedicate at least eight percent (8%) of the gross area of the property proposed to be subdivided to the City of Madras for public parks, open space, trails, and other recreational purposes.

(2) The Public Works Director will determine the manner in which the property is dedicated or conveyed to the City including, without limitation, the form of the instrument and the timing of the dedication or conveyance.

(3) Property dedicated to the City for public parks, open space, trails, and other recreational purposes should be located to ensure maximum access, visibility, use, reduce maintenance needs, to maintain public safety, and minimize adverse impacts to neighboring residents and must otherwise:

(a) Be consistent with the provisions of the City of Madras Parks and Open Space Master Plan;

FINDING: The applicant has proposed subdividing 35.43 acres, therefore the park obligation requirement will be 2.83 acres. The applicant has proposed dedicating 0.95 acres as public park leaving a balance of 1.88 acres of park to be dedicated to the City.

To satisfy the remaining 1.88 park dedication requirement, the applicant will be allowed to pay \$55,172 as a park fee in lieu of dedication. Fee is based off of the 2022 Assessor's tax statement. The fee will be adjusted to reflect current Assessor RMV at time of platting. Or applicant may develop the park to include grass, trees, irrigation, and plantings as there is an existing park and one trail within a ½ mile of the proposed development. If option to pay fee or develop, this payment or work needs to be completed prior to final platting of phase 3. The calculation is based off the average of the most recent Real Market Values as determined by the Jefferson County Tax Assessor sewerof Tax Lot 500 and Tax Lot 600 which is \$29,346 per acre.

CONDITION OF APPROVAL: Applicant shall ~~pay~~ comply with the Public Works Memorandum regarding dedication of park land and payment of in-lieu of fees including dedicating 0.95 acres prior to final plat of phase 2 and pay an in-lieu of fee based on the RMV of the remaining 1.88 acres the Applicant would otherwise have to dedicate.

(b) Front at least two public streets;

(c) Be located on a part of the site that can reasonably be developed with public parks, open space, trails, and other recreational purposes as determined by the Public Works Director considering: slope, topography, watercourses, drainage facilities, rock outcroppings, underground and overhead utility services, easements and encumbrances, availability of domestic water and sewer service, and proximity to existing or planned streets; and

FINDING: Applicant proposes a park in a location that can be reasonably developed and is fronted by both NE 16th Street and proposed Road 4.

(d) Comply with the City's Transportation System Plan, Trails Plan, and Safe Routes to School Plan standards and specifications for trail improvements.

(4) Trails crossing public right-of-way used for vehicular transportation (i.e., road crossings) must comply with standards specified in the City's Transportation System Plan, Trails Plan, Safe Routes to School Plan and Americans with Disabilities Act (ADA) including, without limitation, location, sight distances, and construction specifications.

FINDING: Applicant does not propose a trail as part of the proposed park and trails and Safe Routes to Schools and these types of facilities for this area are not included in the June 2019 Transportation System Plan (Figures 5 and 6) so these criteria do not apply.

(5) The Public Works Director, in his or her sole discretion, may allow a payment in lieu for all or a part of the required dedication of property to the City of Madras for public parks, trails, and recreational purposes. If a developer is permitted to pay fees to the City of Madras in lieu of dedicating property, the fees must be equal to eight percent (8%), or a proportionately lesser amount if a partial dedication/partial fee in lieu is approved, of the real market value (RMV) of the property proposed to be subdivided. The RMV of the property shall be established from the most recent tax assessment for the property proposed to be subdivided by the Jefferson County Assessor.

(6) Expenditure of Funds. Funds collected from a developer in lieu of dedicating public park, trail, and recreation land shall be credited to a park acquisition and development

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fund and must be deposited with the City Finance Director prior to the final plat of the subdivision (for multi-phase subdivisions, prior to phase 1 final plat approval). Such funds may be expended only on order of the City Council for the purpose of acquiring, developing, or maintaining existing land for parks, trail, or recreational purposes. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 4.12, 2019.]

FINDING: The Public Works Director in the Public Works Memorandum has specified a combination of dedication of land for a 0.95 acre park and an in-lieu of fee payable or Applicant constructing park improvements prior to the final plat of phase 3 with the fee being adjusted to reflect current Assessor RMV at the time of platting. Staff notes the Public Works Director on the Public Works Memorandum has specified the in-lieu of fee is payable or construction of park improvements as part of final platting of phase 3.

CONDITION OF APPROVAL: Applicant shall pay comply with the Public Works Memorandum regarding dedication of park land and payment of in-lieu of fees to comply with the above stated standards of dedicating 0.95 acres of parkland prior to final plat of phase 2 and prior to the final plat of phase 3, either paying an in-lieu of fee based on the RMV, adjusted for inflation, of the remaining 1.88 acres of required parkland or constructing park improvements.

18.20.130 Waiver, modification, and deferral of public improvement standards.

(1) Authority to Grant Waiver, Modification, or Deferral. Waivers, modifications, and/or deferrals of the standards of this chapter and/or the design and construction standards may be granted as part of a development approval only if the criteria of subsection (2) of this section are met.

(2) Criteria. The Public Works Director may waive, modify, or defer any requirement of the Public Improvement Standards and/or the design and construction standards if the Public Works Director finds that: (1) the waiver or modification will not harm or will be beneficial to the public in general; (2) the waiver or modification is not inconsistent with the general purpose, or any City plans or policies, of ensuring adequate public facilities; and (3) one or more of the following conditions are met:

(a) The modification or waiver is necessary to eliminate or reduce impacts on existing drainage patterns or natural features such as riparian areas, significant trees or vegetation, or steep slopes.

(b) An existing structure, such as a substantial retaining wall, makes widening a street or right-of-way or required placement of lines impractical or undesirable.

(c) Street access to an existing lot would be eliminated without the waiver or modification.

(d) Building on an existing lot would be infeasible without the waiver or modification.

(e) The standard is a street or right-of-way standard and existing structures on the same side of the block make future widening of the remainder of the street or right-of-way unlikely and the additional width on the development site would not be beneficial for sidewalks or parking without the extension for the rest of the block.

(f) The modification or waiver is needed to allow development of, or street access to, the property because of topographical constraints.

(g) The existing infrastructure: (i) does not meet current standards; (ii) is and will remain functionally equivalent to current standards; and (iii) there is little likelihood that current standards will be met in the area.

(h) The installation of the required improvements would likely cause unacceptable significant adverse environmental impacts and the waiver/modification would avoid such impacts.

(i) There is insufficient right-of-way to allow a full width street cross-section and additional right-of-way cannot be provided.

(j) There is no street or right-of-way adjacent to the property and easement access has been obtained across private property.

(k) Required street frontage improvements for individual single-family dwellings could best be accomplished by planned area-wide improvements at a future date.

(l) The City has conflicting or inconsistent standards and the proposal would comply with one set of adopted standards. Standards are conflicting or inconsistent only when it is not possible to comply with both. In most situations, the more recently adopted standard should be followed and the older standard may be waived.

(m) There is a readily identifiable future project in which the required improvements or other obligation of the developer under the Public Improvement Standards will be satisfied and deferral to the future project will not unduly burden the ability to serve the subject property or adjoining properties with public facilities.

(n) Maximization of the number of lots or parcels in a land division is not a reason to allow a waiver or modification.

(3) **Other Requirements Not Waived.** Any waivers under this section do not exempt the developer from submitting plans that meet all other applicable specifications.

(4) **Application Requirements.** The application for a waiver, modification, or deferral must be in writing submitted as part of a development application and shall be subject to applicable fees established by the City Council. The application must specify which requirement(s) of this chapter and/or the design and construction standards are at issue and which of the condition(s) listed above are met. The application must contain a statement explaining why the deviation from the required standards is necessary and why the waiver or modification sought will not harm or will be beneficial to the general public.

(5) **Conditions.** The City may impose any condition of approval necessary to satisfy the purposes of this chapter, including, without limitation, requiring a signed agreement not to remonstrate against the formation of a local improvement district. [Ord. 933 § 4.13, 2019.]

FINDING: Staff finds that aside from the in-lieu of fee or park improvement construction being complete as part of the final platting of phase 3, no waiver, modification, and deferral of public improvement standards request has been requested by Applicant.

18.20.140 Improvement agreement.

(1) A developer may, in lieu of constructing required public improvements, request the City Administrator to approve an agreement between himself and the City specifying the schedule by which the required improvements and repairs must be completed; provided, however, any schedule of improvements agreed to must not exceed three years from the date the approval establishing the required improvements becomes final. The agreement must also provide the following information:

(a) A list of all the contractors who will construct or complete the improvements and repairs required, and the cost of the project.

(b) That developer must post a performance bond or other security acceptable to the City and that the City may call upon the security filed to construct or complete the improvements and repairs if the schedule of improvements is not adhered to.

(c) That the City shall recover the full cost and expense of any work performed by the City to complete construction of the improvements and repairs, including, but not limited to, attorneys' and engineering fees.

(d) That a warranty bond for one year must be deposited with the City following acceptance of the improvements. Said bond must be in the amount of ten percent (10%) of the value of the improvements as determined by the Public Works Director.

(e) A waiver of remonstrance against formation of a local improvement district if the required improvements are not timely completed.

(f) Such other provisions as deemed appropriate by the City.

(2) The City Administrator may reject an agreement authorized by this section for any reason the Administrator deems sufficient. [Ord. 933 § 4.14, 2019.]

FINDING: Per the Public Works Memorandum, an improvement agreement has not been requested by the Applicant and is not being required by the Public Works Director. Should the Applicant in the future want to enter into an improvement agreement, Applicant shall be subject to the above stated standards.

18.20.150 Bond, cash deposit or guarantee.

(1) If the City Administrator allows a developer to enter into an improvement agreement in lieu of completing required improvements, the developer must file one of the following to assure full and faithful performance under the improvement agreement:

(a) A surety bond executed by a surety company authorized to transact business in the State of Oregon in a form approved by the City Attorney;

(b) A cash deposit in a City account at an approved lending institution; or

(c) Other security satisfactory to the City.

(2) The value of the security provided by the developer must be for one hundred twenty percent (120%) of the cost of the improvements and repairs as determined by the Public Works Director.

(3) If the developer fails to carry out the provisions of the agreement, the City may call upon the bond, cash deposit, or other security to finance any cost or expenses resulting from said failure. The City may also elect to form a local improvement district to lien the properties in accordance with the relevant provisions of Oregon State Law and Madras City Code. If the amount of the deposit or bond exceeds the cost and expense incurred by completing the improvements, the City shall release the remainder. If the amount of the deposit or bond is less than the cost and expense incurred by the City for the improvements and repairs, the developer is liable to the City for the difference. [Ord. 933 § 4.15, 2019.]

FINDING: Per the Public Works Memorandum, an improvement agreement has not been requested by the Applicant and is not being required by the Public Works Director. Should the Applicant in the future want to enter into an improvement agreement, Applicant shall be subject to the above stated standards.

18.20.160 Street dedications.

Any person desiring to create a street that is not part of a subdivision or partition must make written application to the City Public Works Department. Said application must be accompanied by the required information and appropriate filing fee. [Ord. 933 § 4.16, 2019.]

18.20.170 Minimum design standards.

The minimum standards of design and improvements for the dedication of a street shall be the same as set forth in the design and construction standards and must be in compliance with other applicable street standard regulations. [Ord. 933 § 4.17, 2019.]

18.20.180 Procedure for street dedications.

(1) Upon receipt of written application and appropriate filing fee for a street dedication, the request shall be forwarded to the Public Works Director for review and recommendation.

(2) If access to a County road or state highway is planned, the necessary permits must be obtained prior to approval.

(3) The Public Works Director shall forward the proposal to the City Council for a public hearing.

(4) The only notice required for a hearing under this section shall be by publication.

(5) The City Council may accept, reject, or accept the proposal with conditions to the proposed dedication. [Ord. 933 § 4.18, 2019.]

FINDING: Applicant is proposing streets as part of a subdivision process, so the above stated standards do not apply.

**Chapter 18.25
SUPPLEMENTARY PROVISIONS**

...

18.25.030 Fences.

Fences, hedges, and walls not more than eight feet in height are permitted on all front, rear, and side property lines of the parcel. However, the vision clearance areas must be maintained. [Ord. 933 § 5.3, 2019.]

FINDING: Applicant has not proposed fences. However, if Applicant does construct fences, Applicant shall be subject to the above stated standards.

...

18.25.050 Off-street parking.

All buildings and uses must comply with the parking requirements set forth in this section.

(1) Amount Required. The number of required off-street vehicle parking spaces shall be determined in accordance with MDC Table 18.25.050-1. Off-street parking spaces may include spaces in garages, carports, parking lots, and/or driveways if vehicles are not parked in a vehicle travel lane (including emergency or fire access lanes), public right-of-way, pathway, or landscape area.

FINDING: Staff finds Applicant is subject to the above stated standards.

...

Table 18.25.050-1. Required Vehicle Parking

Single-Family Dwelling	1.0 space per dwelling unit
Townhomes	See MDC 18.30.190(3)(f)
Accessory Dwelling Unit	1.0 space per ADU
Multifamily Dwellings	1.0 space per dwelling unit

FINDING: Applicant is subject to the above stated parking standards. Townhome parking standards will be reviewed in more detail in MMC 18.30.190(3)(f).

...

peak hour trip-generating characteristics. The Public Works Director (or his/her designee) should approve the use of these studies prior to their inclusion in the transportation impact analysis.

In addition to new site-generated trips, several land uses typically generate additional trips that are not added to the adjacent traffic network.

18.25.170 Landscaping standards.

(1) General Standards. Unless otherwise specified for a specific use or zone in this Development Code, the minimum amount of landscaping is established by zone as follows:

R-3: 15%

...

(b) An exception to minimum landscaping requirements for nonresidential zones may be granted where the applicant provides equivalent alternative pedestrian amenities including, but not limited to, plazas, courtyards, street trees, benches, and planters.

(c) Landscaped areas must be appropriately irrigated. Xeriscaping may be unirrigated at the discretion of the Community Development Director.

(d) Required landscaping must be continuously maintained. Plants or trees that die or are damaged must be replaced and maintained similar to initially installed landscaping.

(e) Surface drainage must be managed in accordance with the Public Improvement Standards.

(f) Ground-level areas for passive use, such as patios, decks, etc., may cover up to fifteen percent (15%) of the required landscaping area; swimming pools, sports courts, and similar active recreation facilities may not be counted toward fulfilling the landscape requirement.

(2) Single-Family Dwellings.

(a) New Construction. Landscaping is required on the front and side portions of the lot adjacent to the dwelling or structure. The developer is required to put up security in an amount established by the City's fee schedule to the Finance Department for landscaping prior to obtaining the building permit for the dwelling or structure. Once the landscaping has been completed, the Finance Department shall release the bond back to the developer. The developer has one year from the date of final inspection to complete landscaping the lot.

...

FINDING: Applicant has not proposed landscaping as part of the subdivision or master plan reviews. Landscaping will be reviewed at the time development permits are submitted by Applicant.

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(3) Multifamily, Manufactured Dwelling Parks, Other Residential Uses.

(a) New Construction. Landscaping is required on the front and side portion of the lot adjacent to a duplex or multifamily dwelling. The developer is required to put up security in an amount established in the City's fee schedule to the Finance Department for landscaping prior to obtaining the building permit for the dwelling unit. Once the landscaping has been completed, the Finance Department shall release the bond back to the developer. The developer has one year from the date of final inspection to complete landscaping the lot.

...

(c) Shared Areas. Usable outdoor recreation space must be provided for the shared use of residents in any residential development, as follows:

(i) Units with one or two bedrooms: 200 square feet of lawn per unit.

(ii) Units with three or more bedrooms: 300 square feet of lawn per unit.

...

FINDING: Applicant has proposed a townhome development as part of phase 4. Prior to approval of a townhome development, Applicant shall submit a landscaping plan as part of the required site plan review as well as for development permit review.

18.25.180 Transportation impact studies.

(1) Applicability.

(a) A transportation impact analysis shall be required under the following circumstances:

(i) The development generates fifty (50) or more peak hour trips or five hundred (500) or more daily trips.

FINDING: Per the Transportation Impact Analysis prepared by Ferguson and Associates, Inc. and dated April 2022, this development will generate an expected 120 morning peak hour trips and 160 evening peak hour trips and a total of 1665 daily trips. Given the number of expected trips, Applicant is subject to the criteria found in MMC 18.25.180.

(ii) An access spacing exception is required for the site access driveway(s) or access is proposed from an arterial or collector street.

(iii) The development is expected to impact intersections that are currently operating at the upper limits of the acceptable range of level of service during the peak operating hour.

(iv) The development is expected to significantly impact adjacent roadways and intersections that have previously been identified as high accident locations or areas that contain a high concentration of pedestrians or bicyclists such as school zones.

(v) Otherwise as determined by the Public Works Director.

FINDING: A Traffic Impact Study was submitted as part of the application, which was approved by the Public Works Director subject to a condition of approval for a proportionate share contribution as discussed in more detail below.

(b) All development subject to site plan review, but not meeting the thresholds for a transportation impact analysis, will be required to submit a transportation assessment letter to the reviewing agencies prepared by an Oregon licensed transportation engineer indicating why the proposed land use action is exempt. This letter should outline the potential trip-generating characteristics of the proposed land use action and verify that the site-access driveways or roadways meet sight-distance requirements and City of Madras roadway design standards.

FINDING: Applicant submitted a TIA dated April 2022 was submitted by the Applicant, so Applicant meets this standard.

(2) Requirements of a Transportation Impact Analysis. Transportation impact analyses shall meet the following standards:

(a) **Licensed Professional.** Transportation impact analyses shall be prepared by a licensed professional engineer registered in the State of Oregon.

(b) **Study Area.** The transportation impact analysis area should include, at a minimum, all site-access points and intersections (signalized and unsignalized) adjacent to the proposed development site. In particular, if the proposed site fronts an arterial or collector street, the transportation impact analysis should include all intersections along the site frontage and within the access spacing distances extending out from the boundary of the site frontage. Beyond the minimum study area, the transportation impact analysis should evaluate all intersections that receive site-generated trips that make up at least ten percent (10%) or more of the total intersection volume. In addition to these requirements, the Public Works Director (or his/her designee) shall determine any additional intersections or roadway links that might be adversely affected as a result of the proposed development. If the study area includes any state and/or County facilities, then the state and/or County shall be notified and provided an opportunity to comment on the transportation impact analysis.

(c) **Study Period.** The following study periods or horizon years shall be analyzed:

(i) **Existing Year Analysis.** Assesses all existing roadways, intersections, and land uses within the study area.

(ii) **Background Analysis.** Assesses the expected roadway, intersection, and land use conditions in the year the proposed land use action is expected to be fully built out, without the expected traffic from the proposed land use action. This analysis should include all in-process developments, or those City-approved developments that are expected to be fully built out in the proposed land use action horizon year.

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(iii) **Full Build-Out Traffic Analysis.** Assesses the expected roadway, intersection, and land use conditions resulting from the background growth and the proposed land use action assuming full build-out and occupancy.

(d) **Peak Hour Analysis.** Within each horizon year, specific consideration should be directed to the time period(s) that experience the highest degree of network travel. These periods typically occur during weekday mornings (7:00 a.m. to 9:00 a.m.) and weekday evenings (4:00 p.m. to 6:00 p.m.) and are known as peak commuting hours. The transportation impact analysis should always address the weekday a.m. and p.m. peak hours when the proposed land use action is expected to generate twenty-five (25) trips or more during the peak time periods. If the applicant can demonstrate that the peak hour trip generation of the proposed land use action is negligible during one of the two peak study periods and the peak trip generation of the land use action corresponds to the roadway system peak, then only the worst-case study period need be analyzed. Depending on the proposed land use action and the expected trip-generating characteristics of that development, consideration of nonpeak hour travel periods may be appropriate. Examples of land uses that have nontypical trip-generating characteristics include schools, restaurants, nightclubs, and churches. The Public Works Director (or his/her designee) and applicant should discuss the potential for additional study periods prior to the commencement of the transportation impact analysis.

(e) **Traffic Count Requirements.** Turning movement counts shall be collected at all study area intersections to determine the base traffic conditions. These turning movement counts shall be conducted Tuesday through Thursday between 7:00 a.m. and 9:00 a.m. and between 4:00 p.m. and 6:00 p.m., depending on the proposed land use. Notwithstanding the foregoing, historical turning movement counts may be used if the data are less than twelve (12) months old, but must be factored to meet the existing traffic conditions.

(f) **Trip Generation for the Proposed Development.** To determine the impacts of a proposed development on the surrounding transportation network, the trip-generating characteristics of that development must be estimated. Trip-generating characteristics should be obtained from one of the following acceptable sources:

(i) Institute of Transportation Engineers (ITE) Trip Generation Manual (latest edition).

(ii) Specific trip generation studies that have been conducted for the particular land use action for the purposes of estimating. These trips include pass-by trips and internal trips and are considered to be separate from the total number of new trips generated by the proposed development. The procedures listed in the Trip Generation Manual (ITE) should be used to account for pass-by and internal trips.

(g) **Trip Distribution.** Estimated site-generated traffic from the proposed development shall be distributed and assigned on the existing or proposed arterial/collector street network. Trip distribution methods should be based on a reasonable assumption of local travel patterns and the locations of off-site original/destination points within the site vicinity. Acceptable trip distribution methods should be based on one of the following procedures:

(i) An analysis of local traffic patterns and intersection turning movement counts can be used, as long as the data have been gathered within the previous 12 months.

(ii) A detailed market study specific to the proposed development and surrounding land uses can be used to determine the specific influence area. Site-generated traffic within the identified influence area should be distributed based on principles and concepts associated with the gravity model theory.

(h) **Intersection Operation Standards.** To identify impacts of the proposed land use action on the transportation system, the transportation impact analysis must compare the existing, background, and full build-out intersection traffic volumes to the minimum intersection operation standards. The City of Madras evaluates intersection operational performance based on levels of service and “demand-to-capacity” (d/c) calculations.

(i) **Intersection Demand-to-Capacity Analysis.** A capacity analysis should be performed at all intersections within the identified study area. The methods identified in the latest edition of the Highway Capacity Manual, published by the Transportation Research Board, are to be used for all intersection capacity calculations. The City of Madras requires that all intersections within the study area must maintain a d/c ratio of 0.95 or less.

FINDING: Staff finds TIA submitted by Applicant meets the above criteria.

(j) **Intersection Levels of Service.** The City of Madras requires all intersections within the study area to maintain an acceptable level of service (LOS) upon full build-out of the proposed land use action. LOS calculations for signalized intersections are based on the average control delay per vehicle, while LOS calculations for un-signalized intersections are based on the average control delay and volume-to-capacity ratio for the worst or critical movement. All LOS calculations should be made using the methods identified in the most recent version of the Highway Capacity Manual published by the Transportation Research Board. The minimum acceptable level of service for signalized intersections is LOS “D,” while the minimum acceptable level of service for un-signalized intersections is LOS “E” or LOS “F” with a d/c ratio of 0.95 or less. Any intersections not operating at these standards will be considered unacceptable.

(k) **Modifications.** The Public Works Director may amend or waive any requirement of a transportation impact analysis.

(3) **Transportation Planning Rule.** Every application subject to the Transportation Planning Rule shall include discussion and proposed findings of compliance with the Transportation Planning Rule as part of the transportation assessment letter or transportation impact analysis, as applicable.

FINDING: Applicant has not requested a land use action subject to the Transportation Planning Rule, so this does not apply.

(4) **Review Policy and Procedure.** To be utilized as part of an application for a land use approval, the Public Works Director must approve, or approve with conditions, the traffic assessment letter or transportation impact analysis based on the following considerations:

(a) The road system is designed to meet the projected traffic demand at full build-out and the functional roadway classification standards are consistent with the proposed use.

(b) Access is properly placed in relation to sight distance (i.e., does the driveway location meet both intersection and stopping sight distance requirements), driveway spacing, and other related considerations, including opportunities for joint or crossover access.

(c) The driveway access for dwelling units is located on interior residential access streets rather than major roadways.

FINDING: Staff finds that other than lots 85 and 86, all proposed lots have access to interior streets and the conditions of approval for lots 85 and 86 are found earlier in these findings.

(d) Traffic movement within the site is provided without having to use the peripheral road network.

FINDING: Staff finds that per Drawings P1.5 and P1.6, aside from lots 85 and 86, the proposed street network provides circulation within the development without having to use the peripheral road network.

(e) The road system provides adequate access to buildings for residents, visitors, deliveries, emergency vehicles, and garbage collection.

FINDING: Staff finds that per Drawings P1.5 and P1.6, aside from lots 85 and 86, the proposed street network provides circulation within the development without having to use the peripheral road network.

(f) The site plan provides for potential future crossover of consolidated access, and/or alternative access.

(5) Conditions of Approval. As part of approving a transportation assessment letter or transportation impact analysis, the Public Works Director may impose conditions of approval including, without limitation, the following:

(a) Crossover easement agreements between adjoining parcels.

(b) Access restrictions including requiring shared access.

(c) Right-of-way dedications including dedications for multi-use paths.

(d) Street improvements including traffic signs and signals.

(e) Trip caps. [Ord. 933 § 5.18, 2019.]

FINDING: Applicant has proposed a private alley between Road 5 and NE 16th Street in the northwest corner of subject parcels and an access alley between the rows of proposed townhomes.

CONDITION OF APPROVAL: Prior to final plat approval, Applicant shall establish appropriate easements, shared wall agreements, and common area maintenance agreements acceptable to City to support the townhome and private alley development.

18.25.190 Exterior colors.

The exterior of any structure shall be a color consistent with Ordinance 845*. [Ord. 933 § 5.19, 2019.]

FINDING: Although structural colors were not included in application materials, Staff finds Applicant is subject to the above stated standard.

**Chapter 18.30
SPECIAL STANDARDS FOR CERTAIN USES**

...

18.30.020 Manufactured homes.

FINDING: Applicant has not proposed manufactured homes, so these criteria shall only apply if manufactured homes are proposed for siting.

...

18.30.030 Manufactured dwelling park.

FINDING: Applicant has not proposed a manufactured dwelling park, so these criteria shall only apply if a manufactured home park is proposed.

...

18.30.040 Recreational vehicle parks.

FINDING: Residential vehicle parks are not an allowed use in the R-3 zone and Applicant has not proposed this use.

18.30.050 Residential accessory structure standards.

(1) Purpose. In an effort to protect and enhance the existing and future residential character of the City of Madras, the City Council adopted these residential accessory structure standards. The residential accessory structure standards are intended to ensure residential accessory structures are compatible with existing residential development and neighborhoods by:

(a) Ensuring appropriate storage of vehicles and personal property in residential areas.

(b) Ensuring that residential accessory structures are similar to the existing form of residential development in the City.

(c) Ensuring that residential accessory structures remain incidental and subordinate to residential uses occurring on the lot.

(2) *Applicability.* The provisions of this section apply to all lots containing residential accessory structures except that greenhouses and residential accessory structures that do not require a building permit are not subject to the design standards in subsection (4) of this section.

(3) *Establishment.* Residential accessory structures shall be established in the following manner:

(a) No residential accessory structure is permitted on any lot unless a dwelling has been lawfully established thereon.

(b) All building permits required by the Building Official must be obtained.

(4) *Design Standards.* Residential accessory structures shall meet the following design standards:

(a) *Garage.*

(i) Where the dwelling on the property does not have at least a one-car garage, the first residential accessory structure must be a fully enclosed garage with a garage door, attached or detached from the dwelling, of at least 150 square feet, and constructed of similar materials, colors, and designs as the dwelling.

(ii) Where the dwelling on the property has at least a one-car garage, which may be a residential accessory structure (i.e., a detached garage), all additional residential accessory structures must have at least three exterior walls. These walls must have exterior siding similar to the siding of the dwelling on the property. A garage door is not required.

(b) *Exterior Paint.* Residential accessory structures shall have similar base and trim color as the primary dwelling structure on the property.

(c) *Siding.* Residential accessory structures shall have similar siding material as the primary dwelling structure on the property.

(d) *Windows.* Windows shall match those of the primary dwelling structure in terms of proportion (height and width ratio) and orientation (vertical vs. horizontal).

(5) *Dimensional Standards.*

(a) The total square footage of all residential accessory structures on a lot shall not exceed the more restrictive of the following:

(i) Nine hundred fifty square feet for lots of 10,000 square feet or less.

(ii) For lots greater than 10,000 square feet:

(A) The total square footage of all residential accessory structures shall not exceed nine and one-half percent of the area of the lot.

(B) Notwithstanding subsection (5)(a)(ii)(A) of this section, a single residential accessory structure shall not exceed the maximum square footage under subsection (5) of this section, 2,200 square feet or the square footage of the dwellings then located on the lot, whichever is less.

(iii) Notwithstanding anything to the contrary, the total square footage of all residential accessory structures on a lot shall not exceed one hundred fifty percent (150%) of the square footage of the primary dwelling structure on the lot.

(b) The maximum height of a residential accessory structure is based upon the height of the dwelling of the property.

(i) Residential accessory structures on a property with a single-story dwelling shall not exceed one hundred twenty-five percent (125%) of the height of the single-story dwelling except that an accessory dwelling unit may be located on the second floor of a residential accessory structure provided the structure does not exceed 35 feet.

(ii) Residential accessory structures on a property with a multi-story dwelling structure shall not exceed the height of the multi-story dwelling structure.

(iii) In no case shall a residential accessory structure exceed 35 feet in height.

(c) Residential accessory structures must comply with the applicable setbacks for the zone in which they are located except that residential accessory structures that exceed the height of the tallest structure containing a dwelling then located on the subject lot must be set back an additional one-half (1/2) foot for each one foot that the proposed residential accessory structure exceeds the height of the tallest dwelling structure.

(d) The foregoing dimensional standards may be exceeded as part of a site plan approval for residential development subject to site plan approval.

(e) Residential development not subject to site plan approval may exceed the dimensional standards through approval of a conditional use permit.

(6) *Additional Standards for Accessory Dwelling Units.* In addition to the standards in this section, the following provisions shall also be applicable to accessory dwelling units:

(a) *Exterior Paint Color, Siding, Door and Window Trim.* The exterior paint color, siding, door and window trim of accessory dwelling unit shall match the exterior paint color, siding, door and window trim of the primary dwelling structure.

(b) *Maximum Size.* Notwithstanding anything in subsection (5) of this section to the contrary, an accessory dwelling unit shall not be larger than 950 square feet except that an accessory dwelling unit attached to an existing structure shall not result in an expansion of more than twenty percent (20%) of the square footage of the existing structure.

(c) **Windows.** Windows shall match those of the primary dwelling in terms of proportion (height and width ratio) and orientation (vertical vs. horizontal).

(d) **Lot Coverage.** Same as underlying zone.

(e) **Setbacks.** Same as underlying zone.

(f) **Parking.** Each accessory dwelling unit used for short-term occupancy shall provide one paved/other impervious surface off-street parking space.

(g) **Process.** Accessory dwelling units are processed as a Type II decision.

(h) **Second Accessory Dwelling Unit.** A second accessory dwelling unit can be approved on the same property, provided the subject property is at least 7,500 square feet and the second accessory dwelling unit otherwise meets the requirements of this code including, without limitation, the conditional use criteria. Only one accessory dwelling unit can be a detached dwelling unit (i.e., one of the accessory dwelling units must be attached to another structure such as the primary dwelling structure or a detached garage).

(7) **Exceptions to Design Standards.**

(a) **Process.** An exception to the residential accessory structure design standards in subsection (4) of this section may be approved by the Madras Planning Commission. The Planning Commission shall conduct a quasi-judicial hearing in accordance with the provisions of Chapter 18.80 MDC. The Planning Commission's decision may be appealed to the Madras City Council in accordance with MDC 18.80.240.

(b) **Approval Criteria.** The Planning Commission may grant an exception, if the following criteria are met:

(i) The proposed residential accessory structure is otherwise consistent with the purpose of the residential accessory structure design standards.

(ii) At least a one-car garage is provided on the property or the proposed residential accessory structure must include a fully enclosed garage with a garage door, attached or detached from the dwelling, that is sufficient to store an average-size car (150 square feet minimum) and constructed of similar materials, colors, and designs as the dwelling.

(iii) The location, size, and design characteristics of the proposed residential accessory structure shall have minimal adverse impact on the livability of the permitted development in the surrounding area.

(iv) The proposed residential accessory structure is aesthetically pleasing and functional and relates harmoniously to the natural environment and existing development.

(v) The proposed residential accessory structure minimizes visual impacts and preserves natural features to the greatest extent practical.

(vi) The requested exception is the minimum deviation necessary to allow for the proposed residential accessory structure. [Ord. 954 § 2.1 (Exh. B), 2021; Ord. 933 § 6.5, 2019.]

FINDING: Although Applicant has not proposed residential accessory structures as part of the master plan and subdivision reviews, Staff finds Applicant is subject to the above stated standards for future development and will be reviewed upon Applicant submitting development plans for review.

18.30.060 Affordable housing development.

The City shall take final action within one hundred (100) days after any application for a multifamily residential building containing five or more dwelling units is deemed complete, provided:

(1) At least fifty percent (50%) of the dwelling units included in the development will be sold or rented as affordable housing; and

(2) The development is subject to a covenant appurtenant that restricts the owner and each successive owner of the development or a dwelling unit within the development from selling or renting any dwelling unit that constitutes affordable housing in a manner that would not constitute affordable housing for a period of sixty (60) years from the date of the final certificate of occupancy. [Ord. 933 § 6.6, 2019.]

FINDING: Applicant has not applied for affordable housing development so the standards that make up MMC 18.30.060 do not apply.

18.30.070 Emergency shelters.

(1) *Purpose.* This section provides regulation for emergency shelters. These regulations recognize that it is in the public interest to provide short-term (nonpermanent) transitional housing and shelter to people who would otherwise not receive it, and to ensure that standards of public health and safety are maintained. The regulations are intended to reduce conflicts between emergency shelters and other uses.

(2) *Location.* Emergency shelters shall only be permitted as a conditional use in the R-1, R-2, C-1, C-2, and C-3 zoning districts and must be located within a church.

(3) *Procedure.* Applications for emergency shelters shall be processed in the manner provided for conditional uses contained in Chapter 18.65 MDC.

(4) *Approval Criteria for Emergency Shelters.*

(a) Emergency shelters shall comply with standards for granting conditional uses contained in Chapter 18.65 MDC; and

(b) All emergency shelters shall obtain an emergency shelter license from the City of Madras to ensure fire, life, and safety requirements are satisfied prior to an emergency shelter operating. [Ord. 933 § 6.7, 2019.]

FINDING: Applicant has not proposed an emergency shelter, so the above stated standards do not apply.

...

18.30.100 Mixed-use residential.

Residential uses in commercial zones (multifamily dwellings) shall be permitted only when part of a mixed-use development (residential with commercial or public/institutional uses) and subject to the following standards:

(1) “Vertical” mixed-use (housing above the ground floor) and “horizontal” mixed-use (housing on the ground floor) developments may be permitted.

(a) Within horizontal mixed-use developments, residential uses shall be located behind commercial uses relative to the front lot line.

(2) Access to residential uses shall not occupy more than 20 feet or ten percent (10%) (whichever is more) of frontage along the front lot line. [Ord. 933 § 6.10, 2019.]

FINDING: Mixed use residential is not an allowed use in the R-3 zone, so these provisions do not apply.

...

18.30.190 Townhouse design and development standards.

(1) Definitions. For purposes of townhomes, the terms below are defined as follows:

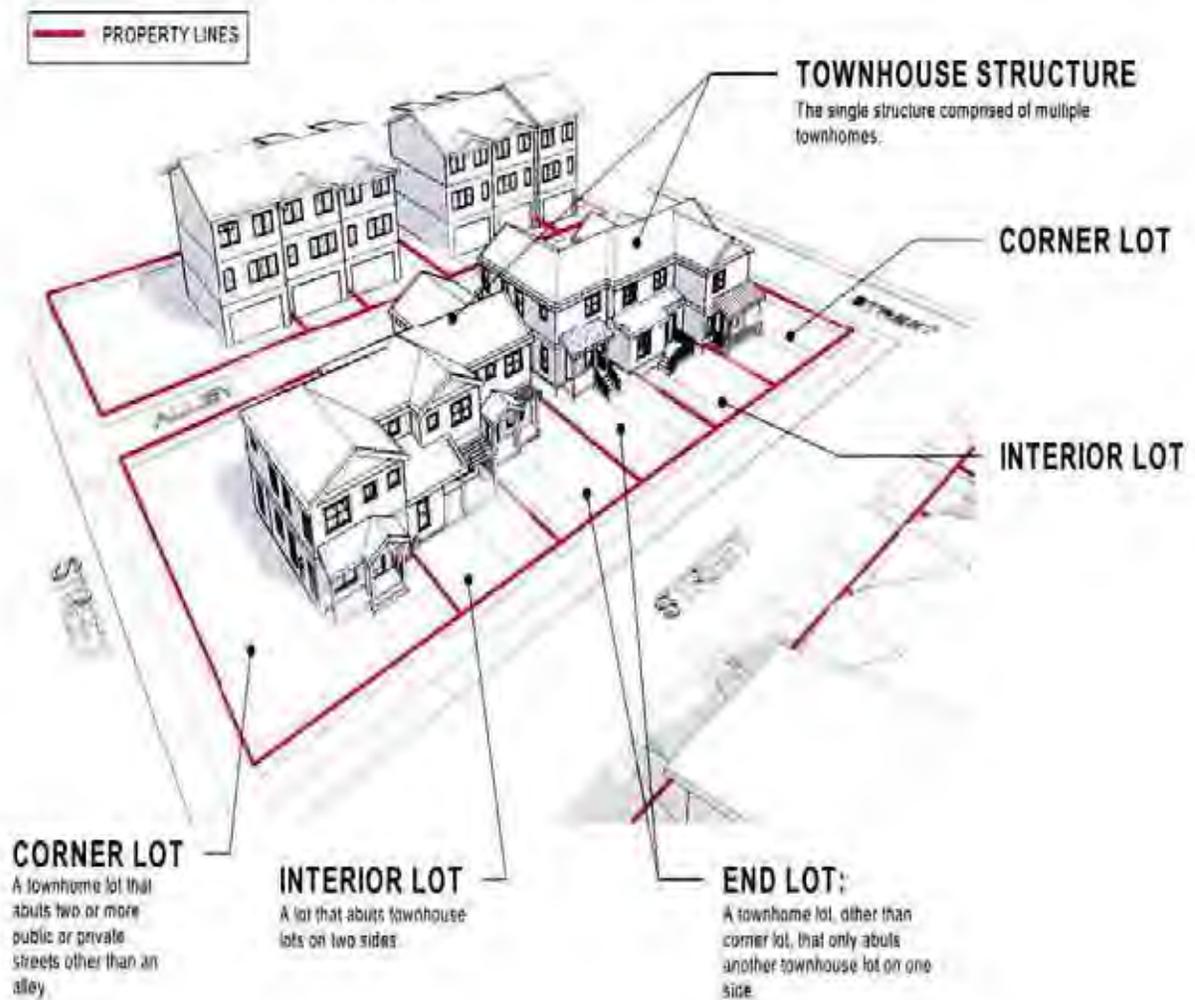
(a) Corner Lot. A townhome lot that abuts two or more public or private streets other than an alley.

(b) End Unit Lot. A townhome lot, other than corner lot, that only abuts another townhouse lot on one side.

(c) Interior Lot. A lot that abuts townhouse lots on two sides.

(d) Townhome Structure. The single structure comprised of multiple townhomes.

Figure 18.30.190(1). ILLUSTRATION OF TOWNHOME DEFINITIONS



(2) **Minimum Standards.** Notwithstanding anything in the Development Code or Design and Construction Standards to the contrary, townhome developments are subject to the following minimum standards:

	R-1	R-2	R-3	FINDINGS
Maximum Units Per Townhome Structure	4	6	Same as R-2	Met-2 units per structure
Maximum Density (Gross Acre Rounded Down)	7	14	9	Meets standard: Based on the overall density of the proposed subdivision with 188 total housing units on 35.43 acres, the gross density is 5.31 housing units per acre.
Minimum Lot Size (Square Feet)~				
- Corner Lot	3,000	2,800	Same as R-2	Applicant does not meet this standard as corner lots (lots 9, 28, 29, 48) are 2688 square feet.
- End Unit Lot	2,800	2,400		The end units are also corner lots and corner lot findings are addressed above.
- Interior Lot	2,200	1,800		Met-interior lots 2100sf
Maximum Height	30 feet	Same as underlying zone	35 feet	N/A-Applicant has not applied for development permits but Applicant is subject to this standard.
Separation Between Townhome Structures	20 feet	10 feet	Same as R-2	Met-Per Drawing P1.6, Applicant proposes 10-foot separation between structures.
Minimum Street Frontage/Lot Width				
- Corner Lot	40 feet each frontage	32 feet each frontage	Same as R-2	Met-32-foot frontages at corner
- End Unit Lot	35 feet	25 feet		N/A
- Interior Lot	30 feet	20 feet		Met-25-foot interior lot width
Minimum Setbacks: Front Yard				
- With Rear-loading Garage	12 feet	12 feet	Same as R-1	Met per drawing P1.6
- With Front-loading Garage+	20 feet	20 feet		N/A
Minimum Setbacks: Side Yard^				

	R-1	R-2	R-3	FINDINGS
- Corner Lot	0/12 feet	0/12 feet	Same as R-1	Met per drawing P1.6
- End Unit Lot	0/5 feet	0/5 feet		N/A
- Interior Lot	0 feet	0 feet		Met per drawing P1.6
Minimum Setbacks: Rear Yard				
- With Rear-loading Garage	20 feet	20 feet	Same as R-1	Met per drawing P1.6 if garages are rear-loaded.
- With Front-loading Garage	10 feet	5 feet		N/A
Maximum Lot Coverage*	50%	60%	Same as R-1	Structures are not proposed and Staff will review for compliance during development permit review.

~ Minimum lot size may be reduced by up to ten percent (10%) by providing 200 square feet of communal open space per dwelling in the townhome development.

+ Minimum setback for nongarage portions of a townhome with front-loading garage is 12 feet. See also subsection (3)(c)(iii) of this section.

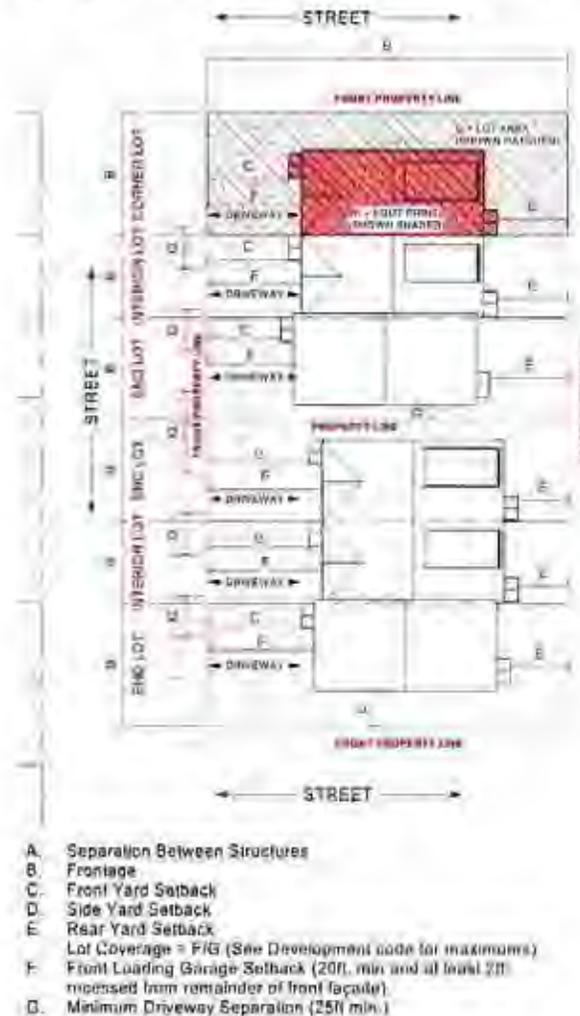
^ No side yard setback is required for townhomes sharing a common wall.

* Maximum lot coverage may be increased by up to ten (10) percentage points by providing 200 square feet of communal open space per dwelling in the townhome development. Two hundred fifty square feet of communal open space per dwelling in the townhome development is required to reduce both minimum lot size and lot coverage.

FINDING: Based on Drawings P1.0 and P1.6, corner lots 9, 28, 29 and 48 are proposed to be 2688 square feet in size, below the 2800 square foot minimum in the above stated standards. Staff were also unable to determine lot coverage maximums as specific development has not been proposed as part of this review.

CONDITION OF APPROVAL: Prior to final plat, Applicant shall provide plans showing all lots comply with the standards set forth in MMC 18.30.190(2) including showing all proposed townhome lots comply with size and dimension standards.

Figure 18.30.190(2). TOWNHOME DEVELOPMENT STANDARDS (EXAMPLE)

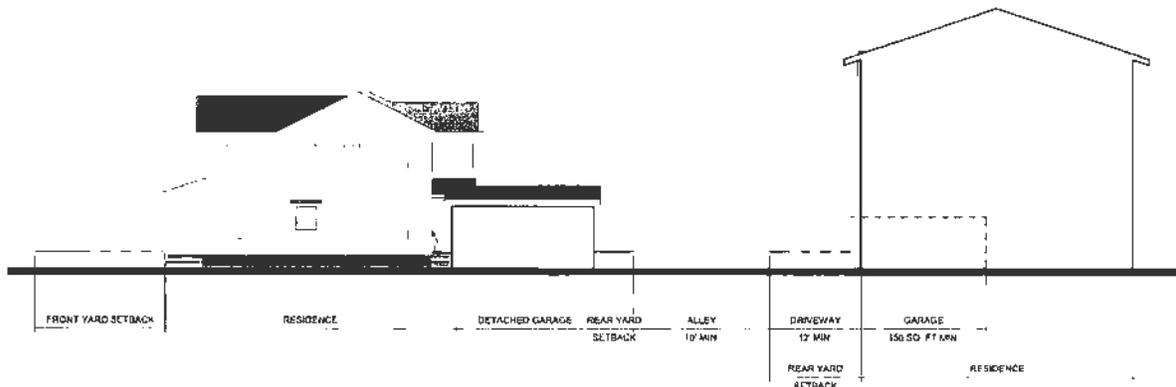


(3) *Parking/Garage Design Standards.*

(a) Access to off-street parking spaces and garages must be from an alley or shared rear driveway whenever practical at the Public Works Director's discretion with a minimum 10 feet of paved surface per travel lane. Where practical, the alley or shared driveway must be created as part of a land division. Where impractical, corner lots must take access from the street with the lower classification.

FINDING: Per Drawing P1.6, Applicant proposes a 20-foot wide alley running north to south from proposed Road 2 to Proposed Road 4 to provide access to rear-loaded garages and per this drawing, is being created as part of the proposed land division. Paving plans will be assessed at the time construction plans are reviewed. Based upon compliance with the above stated standards, these criteria shall be satisfied.

Figure 18.30.190(3)(a). SAMPLE ALLEY CROSS-SECTION



(b) Vehicle areas may not be located between the building's porch or porches and an adjacent street.

(c) When parking is provided in a garage that faces a street, such garages must comply with the following:

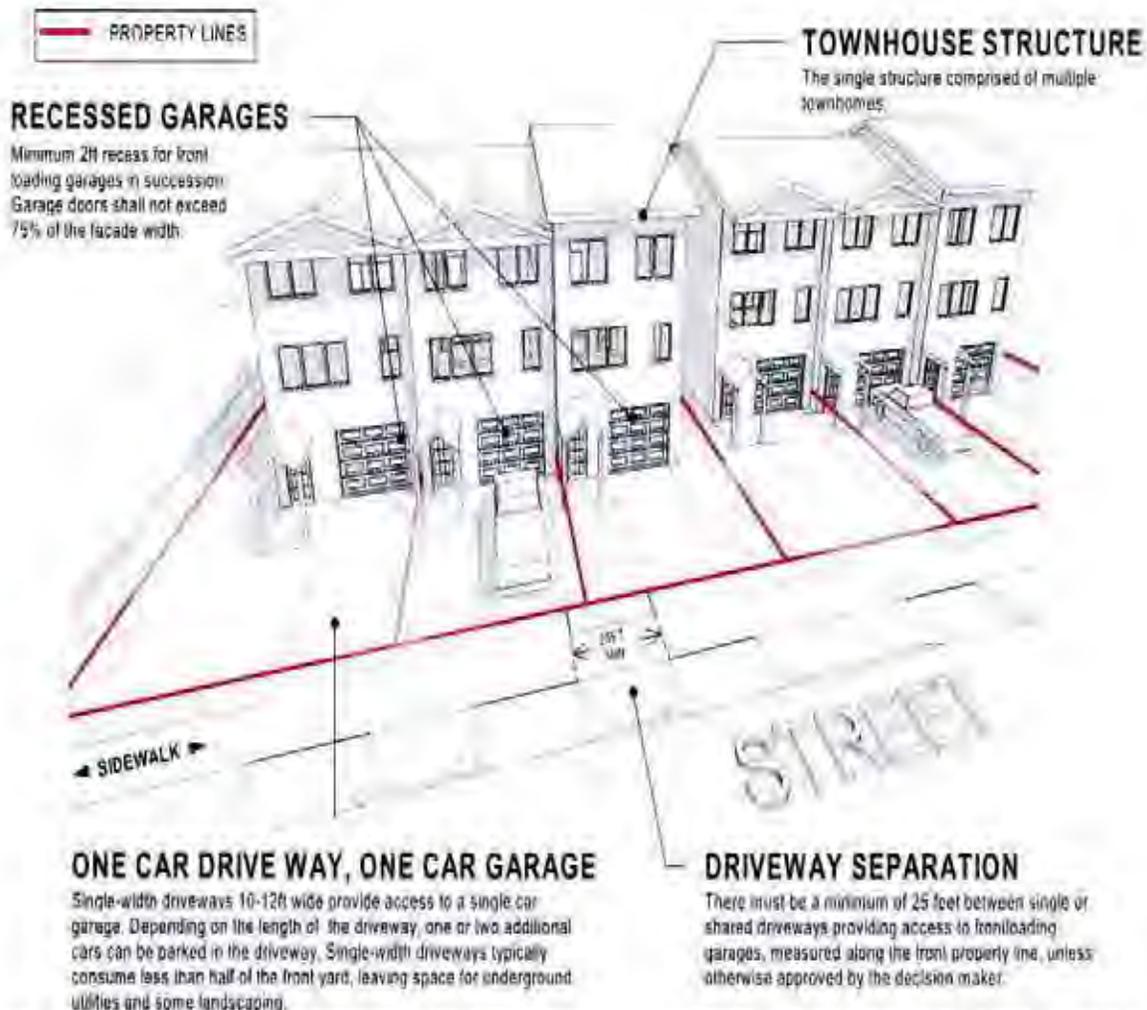
(i) The garage door must not exceed seventy-five percent (75%) of the width of the street-facing façade of the townhome.

(ii) The townhouse structure must have no more than two individual garage door entrances in succession (e.g., less than 10 feet of separation) on the street-facing façade.

(iii) Garages must have a minimum front yard setback of 20 feet, 0 inch, and must be set back a minimum of two feet from the street-facing façade.

FINDING: Applicant did not provide development plans for townhomes so Staff cannot determine if front loaded garages are proposed although per Drawing P1.6, Applicant does indicate an alley on the rear side of proposed townhomes. These criteria will be assessed at the time a site plan and development permits are submitted for review. Based upon compliance with the above stated standards, these criteria shall be satisfied.

Figure 18.30.190(3)(c). REQUIREMENTS FOR FRONT LOADING GARAGES (EXAMPLE)



(d) When frontloading garages on adjoining townhomes are paired (e.g., less than 10 feet of separation), driveways must be shared and centered on the common property line between the townhomes. Notwithstanding the foregoing, driveways must be shared when access is taken from a collector or arterial street. A recorded shared access easement and maintenance agreement is required for all shared driveways.

(e) There must be a minimum of 25 feet between single or shared driveways providing access to front-loading garages, measured along the front property line, unless otherwise approved by the decision maker.

FINDING: Applicant did not provide development plans for townhomes so Staff cannot determine if front loaded garages are proposed although per Drawing P1.6, Applicant does indicate an alley on the rear side of proposed townhomes. These criteria will be assessed at the time site and development permits are submitted for review. Based upon compliance with the above stated standards, these criteria shall be satisfied.

(f) **Townhome developments must provide at least one off-street parking space on each townhome lot and at least one communal parking space for each three townhomes in the townhome development, rounded up. Notwithstanding the foregoing, no communal parking is required if each townhome lot has at least two off-street parking spaces without tandem parking. Communal off-street parking will be reduced by one communal parking space for each on-street parking space that abuts the townhome development.**

FINDING: Applicant did not submit plans that included details about the number of parking spaces provided for each townhome and did not include plans for communal parking.

CONDITION OF APPROVAL: Prior to issuance of development permits, Applicant shall provide plans showing the number of parking spaces provided for each townhome and provide plans showing the number and location of communal parking spaces the meet City standards.

(4) ***Additional Setbacks.*** When a townhome abuts a lot developed with a detached single-family dwelling, townhomes must be set back an additional one-half (1/2) foot for each one foot of building height above 25 feet from the common property line with the lot developed with a detached single-family dwelling.

FINDING: Per Drawings P1.0 and P1.6, proposed townhomes do not abut single family dwellings, so Applicant meets this standard.

(5) ***Architectural Theme.*** Each townhouse must have an architectural theme that is consistent with the overall development, and which is carried on all sides of the building.

(6) ***Bay Windows and Balconies.*** Upper stories should be articulated with features such as bay/oriel windows and balconies.

(7) ***Façade Treatment.*** In order to provide visual diversity, no more than four contiguous townhouse units may have the same front setback and same façade treatment. Variations in front setback must be at least three feet, and variations in façade treatments and design are achieved through variations in architectural treatments, colors, and variation in ornamental trim used on buildings. In addition, the following design standards are required:

(a) For two-story townhouses, at least two of the following types of roof line variation are required, and for three-story townhouses, three of the following types of roof line variation are required:

(i) Vertical offset in ridge line;

(ii) Gables;

(iii) Exaggerated cornices;

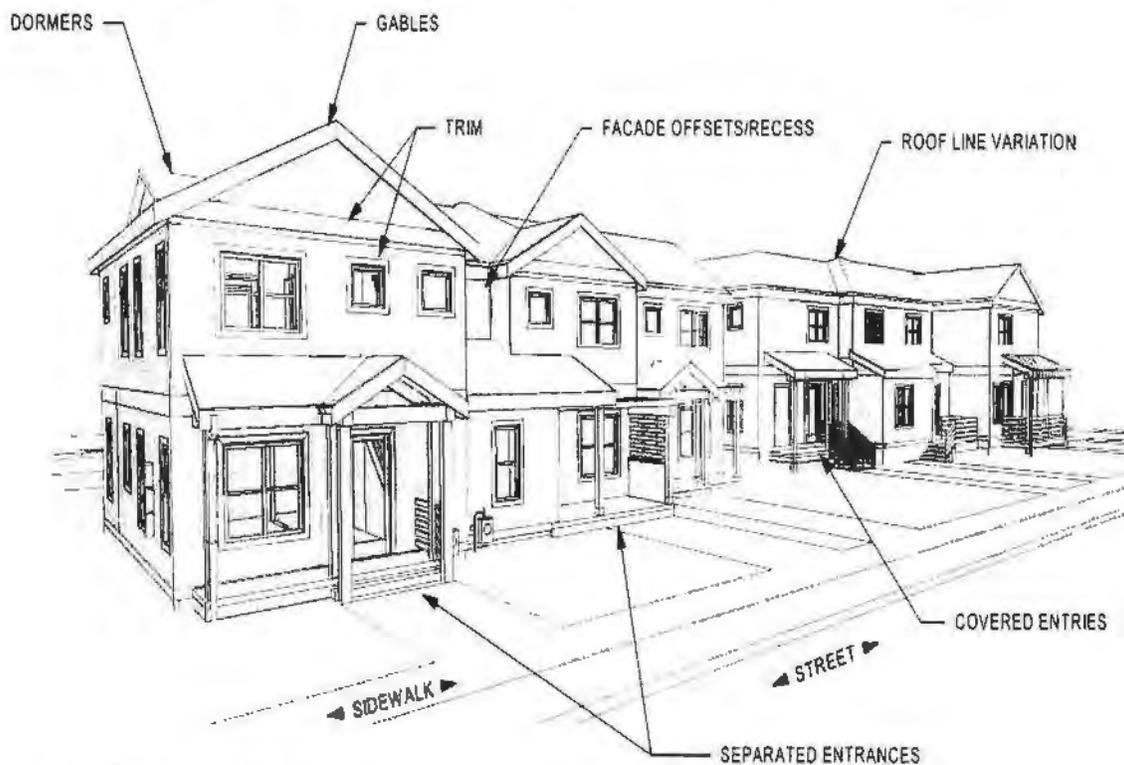
(iv) Dormers; or

(v) Other architectural features that achieve the intent of the standard in this subsection (7).

- (b) The maximum roof line length without variation must not exceed 30 feet.
- (c) The minimum roof line variation (vertical offset or articulation) length must be four feet for dormers and eight feet for all other types of variations.
- (d) Applicants must submit elevation drawings that demonstrate compliance with subsections (7)(a) through (7)(c) of this section.

FINDING: Applicant has not proposed construction of structures as part of these land use applications. Compliance with these standards shall be assessed at the time development permits are submitted to the City for review.

Figure 18.30.190. EXAMPLE OF ARCHITECTURAL DETAILS



FACADE TREATMENT

In order to provide visual diversity, no more than four contiguous townhouse units may have the same front setback and same façade treatment. Variations in front setback must be at least three feet, and variations in façade treatments and design are achieved through variations in architectural treatments, colors, and variation in ornamental trim used on buildings.

Note: Not all architectural treatments are shown above.

(8) Entry Treatment.

- (a) Each dwelling unit must have a separate front ground level entrance which is clearly defined and highly visible on the building façade that faces a public or private street or a right-of-way other than an alley. The entire front door must be within eight feet of the

front façade. The door may be at any angle to the street as long as the other entrance standards are met.

(b) Each front entrance must include a porch or covered entry. The porch or covered entry must be at least 24 square feet. A pedestrian walkway must connect each front entrance to the street. A door that leads directly into a garage does not qualify as a front entrance.

(c) Solar standards in MDC 18.60.100(5) do not apply to townhouses that are not located along the northern property line of the development site.

(9) The maximum length of a townhouse structure façade must not exceed 150 feet.

(10) Townhome developments must provide trash enclosures, either at a centralized location or incorporated into the design of individual townhomes. Trash enclosures must be architecturally compatible in terms of color and materials with the dwelling units. Trash collection bins or carts must be approved by the collection company. The trash enclosures and service areas are subject to the same setback standards from all public or private streets as the townhouses, and must be provided internal to the townhome development whenever and wherever practicable.

(11) Each townhome lot must satisfy the landscaping standards for the applicable zone. Notwithstanding the foregoing, the landscaping standards can be satisfied across the townhome development (as opposed to satisfied on each townhome lot) where communal open space is provided within the townhome development.

FINDING: Applicant has not applied for development permits concurrent with this Subdivision and Master Plan application. When Applicant applies for development permits, Applicant shall comply with the above stated standards.

(12) Each townhome development with twelve (12) or more units or greater than 1.5 acres (gross) must provide a common area that allows for passive and active recreation in accordance with the following standards:

(a) The common area must be no less than 200 square feet per dwelling in the townhome development.

(b) There must be a lawn area with outdoor seating on the common area that will allow residents and their guests to reasonably gather and recreate. Landscaped portions of the common area may be applied towards satisfaction of the open space requirement for a master planned development.

FINDING: Per Drawings P1.0, P1.6 and P1.8, Staff were unable to determine if Applicant meets the above stated standards.

CONDITION OF APPROVAL: Prior to final plat of phase 4, Applicant shall provide plans that meet the standards related to common areas of the proposed townhome development.

(c) In addition to any other requirement, at least one recreational amenity must be provided for any townhome development with twenty-five (25) or more dwellings and two recreational amenities will be provided for any townhome development with fifty (50) or more dwellings. Recreational amenities include swimming pools, playgrounds, sport courts, covered seating area, outdoor cooking facilities, and other amenities acceptable to the decision maker. Recreational facilities may be located on common area, but at least fifty percent (50%) of the common area must remain landscaped.

FINDING: The proposed number of townhomes is 40, so Applicant will need to provide at least one recreational amenity. Applicant did not provide plans that demonstrate how this standard is met.

CONDITION OF APPROVAL: Prior to final plat approval of phase 4, Applicant shall submit plans showing the location and description of the minimum of one recreational amenity meeting the above stated standards for townhomes. At Applicant's discretion, Applicant may propose and construct more than one amenity.

(13) Prior to issuance of a certificate of occupancy for any townhome, the developer of a townhome development must establish appropriate easements, shared wall agreements, and common area maintenance agreements acceptable to City to support the townhome development.

FINDING: Applicant did not submit development permit applications as part of the subdivision and master plan applications and Applicant did not submit documents demonstrating compliance with the above stated standard. Applicant will be deemed in compliance with the above stated standard once easements, shared wall agreements and maintenance agreements are presented to the City prior to certificate of occupancy.

1) **CONDITION OF APPROVAL:** Prior to final plat approval, Applicant shall establish appropriate easements, shared wall agreements, and common area maintenance agreements acceptable to City to support the townhome and private alley development and record these with Jefferson County.

(14) Some townhome development may be subject to master planning. See Chapter 18.55 MDC. [Ord. 945 § 2 (Exh. B), 2020.]

FINDING: Based on the size of the proposed subdivision and number of proposed lots, Applicant has applied for a Master Plan review and Staff shall review application as part of this decision.

...

**Chapter 18.55
MASTER PLANNED DEVELOPMENTS**

...

(2) Applicability. Unless the site is fully site plan approved for a single use, a master development plan is required prior to dividing or otherwise developing any site five acres or greater for nonresidential and mixed-use developments, twenty (20) acres or greater for residential developments, or any development proposing twelve (12) or more townhomes. Notwithstanding the foregoing, larger sites may be divided; provided, that all resulting lots or parcels are at least ten (10) acres in size or greater and a deed

restriction is recorded requiring a master plan prior to further division of the resulting parcels. In addition, a developer may voluntarily seek a master development plan for any property or group of contiguous properties two acres in size or greater or any development containing townhomes.

FINDING: Staff finds that because the proposed development is greater than five acres in size and Applicant proposes 48 townhomes, Applicant is subject to the standards set forth in Chapter 18.55.

(3) Master Development Plan Submittal Requirements. The master development plan application must include maps, studies, and written materials that show and/or contain all required information listed below. Maps may be in schematic form, but must be clearly and legibly drawn to a scale sufficient to enable the decision authority to have an adequate understanding of the proposal.

(a) A title report that includes a legal description of the master planned development.

(b) An existing conditions map depicting the topographic character of the land and any important natural features of the site, including without limitation streams, rivers, wetlands, trees over six inches DBH, and rock outcroppings.

(c) A schematic depiction of the master planned development that includes types and general locations of proposed uses, character, and overall range of density of the development, proposed roadways, parks/open spaces, pedestrian or recreational amenities, utility connections, and other information necessary to convey the concept of the overall master planned development.

(d) A vicinity map showing the relationship of the proposed master planned development to adjoining developments, streets, storm drainage, sewer, water, and utility services.

(e) Proposed development regulations if different from the regulations in the underlying zones or specific use.

(f) A street plan that includes the location, width, and design of streets, and the relationship of streets to any existing or proposed streets as shown in the City's transportation system plan.

(g) A traffic study which addresses impacts of the buildout of each phase of the master development plan on affected County, City, and state road systems, and transportation improvements necessary to mitigate any such impacts (including suggested timing for construction of mitigating improvements).

(h) Any reconfiguration of the zoning if proposed. A zone change may be required to achieve desired configuration.

(i) Alternative design review standards if proposed.

(j) An estimated development phasing schedule indicating:

(i) The approximate date when construction of the project can be expected to begin; and

(ii) The phases in which the project is expected to be built, including estimated dates of construction for each phase.

(k) A narrative setting forth the applicable approval criteria with discussion supported by evidence included in the submittal of how the proposal satisfies each applicable approval criterion.

FINDING: The applicant has provided all necessary information.

...

(5) Approval Criteria for Needed Housing. The review body may approve the master development plan, or approve with conditions if appropriate, if the master development plan satisfies the following criteria:

(a) All required public facilities have adequate capacity, as determined by the City, to serve the proposed land division including, without limitation, the transportation, sewer, stormwater, and water systems.

FINDING: Upon construction of sewer and water lines within the proposed development, Applicant meets this requirement. All stormwater shall be handled within the subdivision and upon meeting standards set forth in the Public Works Memorandum, Applicant shall be deemed to have met the stormwater standards.

CONDITION OF APPROVAL: Stormwater plans shall be submitted for review prior to final plat of all phases of development.

(b) The uses and densities must be consistent with the Zoning Map designations. If the applicant proposes to rearrange or change the underlying zoning as part of the master development plan application, the applicant must satisfy the criteria for a zone change pursuant to MDC 18.75.030.

FINDING: Applicant has not proposed changing Zoning Map designations so this criterion does not apply.

(c) The minimum lot size, width, depth, street frontage, setbacks, height, and other applicable requirements for the proposed development are or could be met. Approval is based on applicable standards in the Madras Development Code for the applicable zone(s) or alternative standards proposed by the applicant.

FINDING: All lots meet standards set forth in Madras Development Code except the townhome corner lots. The deficient townhome lots are reviewed in greater detail in MMC 18.30.190.

(d) At least eight percent (8%) of the gross acreage of a residential master planned development and five percent (5%) of the gross acreage of a nonresidential master planned development must be open space. Notwithstanding the foregoing, no open space is required for an industrial master planned development (i.e., entirely located within the I, MUE, or LLI zones). If a mixed-use master planned development is proposed, the foregoing open space requirement will apply but the total amount of required open space will be proportionate to the acreage of each use category (based on zoning) in the proposed master planned development (i.e., eight percent (8%) of residential gross

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acreage plus five percent (5%) of nonresidential/nonindustrial gross acreage). Improved or usable open space is encouraged. Open space may be publicly or privately owned and includes the use of land focusing on natural areas, trails (meeting the City's standards), parks, golf courses, community gardens, or public squares. Required landscaping on individual lots, planter strips along rights-of-way, and similar areas is not considered open space. For townhome developments subject to this chapter, the townhome development will provide the greater amount of open space between this subsection and MDC 18.30.190(12) and will otherwise comply with MDC 18.30.190(12).

FINDING: Applicant has proposed a 0.95 acre park as part of development, less than the 8% open space requirement. In lieu of the difference between the acreage set aside for the 0.95 acre park and the 8% minimum requirement, the Public Works Director may allow Applicant to pay a fee in-lieu of additional park or open space.

CONDITION OF APPROVAL: Prior to final plat of phase 3 development, Applicant shall comply with the conditions regarding park, open space and in-lieu of fees as laid out in the Public Works Memorandum.

(e) Proposed streets meet or can meet the Public Improvement Standards and the design and construction standards unless waivers or modifications are proposed as part of the master planned development. Any modifications or waivers must be coordinated with and approved by the Public Works Director and the Fire Marshal.

FINDING: Applicant has proposed streets that meet Public Improvement Standards and has not requested waivers or modifications, so Applicant meets this criterion.

(f) Any proposed modifications to otherwise applicable standards for development within the master planned development must be appropriate for the type and scale of development proposed, must not inhibit the ability to serve the subject property with urban services, and must otherwise assure the health, safety, and welfare of the subject property and adjacent properties.

FINDING: Staff finds Applicant has not proposed any modifications to this master planned development. Should Applicant proposes changes to the master plan in the future, the above stated standards shall apply.

(g) The applicant must demonstrate that commonly owned property, private streets, and other private amenities/infrastructure will be maintained through an owner's association, maintenance agreement, or other arrangement acceptable to City.

FINDING: Per plans submitted by Applicant, there is a private alley as part of phase 1 running between proposed Road 5 and NE 16th Street and a private alley running between rows of townhomes in phase 4.

CONDITION OF APPROVAL: Prior to final plat approval for any phase with any commonly owned property, private streets, and other private amenities/infrastructure, Applicant shall provide documentation that these facilities shall be maintained through an owner's association, maintenance agreement, or other arrangement acceptable to City with such agreements being recorded with Jefferson County.

(h) Master plans for any site proposed to be developed with fifty (50) or more dwellings must include a mix of at least two housing types, and master plans for sites proposed to be developed with one hundred (100) or more dwellings must include a mix of at least three housing types permitted or conditionally permitted in the applicable zones (i.e., accessory dwelling units, detached single-family dwellings, attached single-family dwellings, duplexes, triplexes and apartments). Where a mix of housing units is required, no more than eighty percent (80%) of the total dwelling units may be the same housing type.

FINDING: According to Applicant's Burden of Proof and Drawing P1.0, 148 single family homes and 40 townhomes are proposed making two types of housing. Because this subdivision and master plan is for more than 100 homes, a third type of housing is required. Although Applicant does not meet the standard for the number of housing types required, Applicant does meet the standard that no more than 80% of housing units are of one type.

CONDITION OF APPROVAL: Prior to final plat of phase 1, Applicant shall determine what other type(s) of housing are proposed and upon which lots additional types of housing other than single family residences and townhomes will be located.

(6) Master Development Plan Approval Process.

(a) The Planning Commission must review the master development plan at a public hearing conducted in accordance with the applicable provisions of Chapter 18.80 MDC.

FINDING: The City of Madras has notified property owners within 500 feet of the subject property of the proposed master plan and the scheduled July 6, 2022 public hearing before the Planning Commission. It is determined that the master plan review process is consistent with the above stated standards.

(b) The approval of the master development plan is valid for a period of three years, unless the review body approves, at its discretion, an alternative phasing plan, which must not exceed ten (10) years in the aggregate. However, extensions to the master development plan, or any phase thereof, may be approved in accordance with MDC 18.80.290. A master development plan, or any individual phase thereof, will not be considered initiated unless and until a plat is recorded for the master development plan, or any individual phase thereof, which must occur prior to expiration of the approval or in accordance with the phasing plan.

FINDING: The Applicant has not requested a time beyond three years. Accordingly, it is recommended that the master plan remain valid for 5 years from the date of this land use decision as.

CONDITION OF APPROVAL: The master plan shall remain valid for 5 years from the date of this land use decision.

(c) Notice of the review process and opportunities for comment must be provided to all properties within 500 feet of the boundaries of the proposed master planned development.

FINDING: On June 10, 2022 the Community Development Department issued a notice to all property owners within 250 feet of the subject property. The Department recognized that the Sagebrook Subdivision and Master Plan
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June 10, 2022 property owner notice was insufficient to satisfy the above stated standard. Accordingly, on June 21, 2022 the Community Development Department issued a supplemental notice to all property owners between 251 and 500 feet of the subject property. Between the June 10 and June 21 mailings, the above standard was satisfied.

(7) Amendments to Master Development Plan.

(a) Minor modifications to an approved master development plan are reviewed by the Community Development Director using the Type II procedure. However, the Community Development Director may elevate any modification request to a Type III procedure. Minor modifications include:

- (i) A change in residential densities by no more than ten percent (10%);**
- (ii) A change to the amount of acreage of open space by no more than ten percent (10%);**
- (iii) A change in land use or mix of residential housing types (e.g., apartment to single-family);**
- (iv) If approved by the Public Works Director, a change in public improvement standards or design and construction standards by no more than fifteen percent (15%);**
- (v) If approved by the Public Works Director, a change in the location of proposed streets, utility easements, or other site improvements by less than 100 feet, or a change in proposed street location that does not affect collector or arterial streets;**
- (vi) A change in off-street parking spaces by no more than twenty percent (20%);**
- (vii) A change in dimensional standards by no more than twenty percent (20%);**
- (viii) A change in the boundaries of the master development plan by no more than ten percent (10%); and**
- (ix) Other changes of similar scope or impact as determined by the Community Development Director.**

(b) A major modification to an approved master development plan is a modification that is not listed as a minor modification in subsection (7)(a) of this section. Major modifications are reviewed by the Planning Commission through a Type III process.

(c) During the initial approval period, including any permitted extensions, modifications may only be proposed by the original applicant or by its successor in interest. A successor in interest must provide documentation satisfactory to the City that the applicant has transferred its interest in the master planned development to the successor in interest. Following the initial approval period, modifications may be proposed by the applicant/successor in interest or by one or more owners representing thirty-three percent (33%) or more of the land area subject to the master planned development.

(d) Approval of a proposed modification is limited to those approval criteria applicable to the proposed modification and not to a master planned development in general.

(e) Modifications that are specific to certain properties within a master planned development will be noticed similar to site plan review for the affected properties. Modifications of general applicability will be noticed similar to a new approval of the master planned development.

FINDING: Applicant has not applied for an amended master plan. After approval, the applicant may request authorization from the Planning Commission to amend the master plan based on the above stated standard.

(8) **Subdivision.** The division of land within a master development plan must be in accordance with the approved master development plan and Chapter 18.60 MDC. In the event that a standard or provision in an approved master development plan is in conflict with the Madras Development Code, the standard or provision in the approved master development plan governs. An application for tentative plan for a phase or phases of the master development plan may be reviewed concurrently with the proposed master development plan.

FINDING: The applicant has requested subdivision approval from the City of Madras concurrent with this master plan application. As such, Staff shall review and make findings in accordance with the above stated standards to ensure all land use decisions related to the subject property are consistent.

(9) **Site Plan and Design Review Approval.** All development within the master development plan is subject to the applicable review standards in Chapter 18.40 MDC. All uses within a master development plan must be in accordance with the approved master development plan. In the event that a standard or provision in an approved master development plan is in conflict with the Madras Development Code, the standard or provision in the approved master development plan governs. An application for zoning review, site plan approval, or design review may be reviewed concurrently with the proposed master development plan. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 945 § 2 (Exh. B), 2020; Ord. 933 § 11.1, 2019.]

FINDING: The applicant has not requested Site Plan Review approval from the City of Madras. Such request shall be filed and approved by the City prior to Development Permit approval as part of development related to the proposed townhomes in phase 4.

CONDITION OF APPROVAL: Prior to development and final plat of phase 4 of the proposed townhomes, Applicant shall file a townhome site plan application for review by the Community Development Department.

**Chapter 18.60
LAND DIVISIONS, REPLATS, AND PROPERTY LINE ADJUSTMENTS**

18.60.010 Purpose.

In accordance with the provisions of ORS Chapters 92, 197, and 227, this chapter sets forth the minimum standards governing the approval of subdivisions, partitions, replats, and property line adjustments as necessary to carry out the City of Madras

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Comprehensive Plan and to promote the public health, safety, and general welfare while allowing for cost saving efficiencies. The purpose of these provisions and regulations is to:

- (1) Encourage well planned subdivision and partition development to promote the creation of livable neighborhoods with all needed amenities and community facilities.
- (2) Encourage development in harmony with the natural environment and within resource carrying capacities.
- (3) Safeguard the interests of the public, the applicant, and the future lot owner.
- (4) Improve land records and boundary monumentation.
- (5) Ensure equitable processing of land division applications and accomplish, to the greatest extent possible, the goals and objectives of the Comprehensive Plan.
- (6) Provide for orderly and efficient urban development and coordinate development with public facilities and service plans and capabilities.
- (7) To regulate the orientation of streets, lots, and parcels to ensure access to solar energy by reasonably regulating interests in property within the City, as authorized under ORS 227.090 through 227.190 and ORS 105.880 through 105.895, to promote and maximize the conservation of energy by preserving the option to utilize solar energy and to implement the Comprehensive Plan policies relating to solar energy. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.1, 2019.]

FINDING: Applicant is subject to the above stated standards.

18.60.020 Applicability.

Units of land shall only be created or reconfigured in conformance with the standards of this chapter and ORS Chapter 92. No person may subdivide, partition, or reconfigure land within the City of Madras except in accordance with ORS Chapter 92 and the provisions of this Development Code. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.2, 2019.]

FINDING: Applicant is subject to standards set forth in this chapter.

18.60.030 Delegation.

The City Council, pursuant to ORS 92.044(2), hereby delegates to the Planning Commission the power to take final action on a proposed subdivision and any major replat involving fifty (50) or more lots pursuant to the Type III procedures and to the Community Development Director the power to take final action on any subdivision, partition, major replat, minor replat, or property line adjustment involving fewer than fifty (50) lots pursuant to the Type II procedures. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.3, 2019.]

FINDING: Applicant is subject to the above stated standards.

18.60.040 Subdivision Committee.

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- (1) There is hereby established a Subdivision Committee which shall consist of:
- (a) Community Development Director;
 - (b) Public Works Director;
 - (c) County Surveyor; and
 - (d) Fire Marshal;
 - (e) Any other appropriate public agency representative invited by the Community Development Director.

FINDING: Staff reviewed this land use application while consulting with the Subdivision Committee.

- (2) The Community Development Director shall serve as chairperson of the Subdivision Committee.
- (3) The Subdivision Committee shall be charged with reviewing subdivision and major replat applications for conformance with all applicable regulations and to make recommendations to the Planning Commission. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.4, 2019.]

FINDING: Staff reviewed this land use application while consulting with the Subdivision Committee, so met the above stated standard.

18.60.050 Pre-application meeting.

Prior to submitting a tentative plan for a land division, each applicant or their representative is encouraged to meet with the Community Development Director or a designated staff member to review the proposal. The intent of this meeting is to advise the applicant of the requirements and standards of this Development Code. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.5, 2019.]

FINDING: Applicant did attend a pre-application meeting about this subdivision on September 23, 2021.

18.60.060 Application submission.

Any person, or his authorized agent or representative, proposing a subdivision, partition, or replat shall file an application and the filing fee for the applicable approval, along with a tentative plan, improvement plans, and other supplementary materials as may be required by this chapter or requested by the Subdivision Committee. If any concurrent approvals are sought, the application shall also include all required information and materials for the applicable concurrent approval. The applicant must either provide electronic copies or submit four paper copies of all application materials to the Community Development Director. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.6, 2019.]

FINDING: An Application for a master plan was received on May 9, 2022 and an application for a subdivision was received on May 25, 2022.

18.60.070 General approval process for land divisions.

Land divisions generally follow a two-step approval process. First, a tentative plan is submitted for approval. After receiving tentative plan approval, and after satisfying any conditions of approval from the tentative plan approval, the applicant then files for final plat approval. After receiving final plat approval and satisfying any additional conditions of approval and any requirements of the County, the applicant can then record the plat to perfect the land division. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.7, 2019.]

FINDING: Applicant is subject to the above stated processes for land divisions.

18.60.080 Informational requirements for tentative plans.

Unless waived by the Community Development Director, the following information shall be shown on a tentative plan or provided in accompanying materials. No tentative plan shall be considered complete unless all such information is provided:

(1) General information Required.

- (a) The proposed name of the subdivision, if applicable.**
- (b) Names, addresses, and phone numbers of the owner of record, authorized agents or representatives, engineer or surveyor, and any assumed business names filed or to be filed with the Secretary of State by the applicant.**
- (c) Date of preparation, north point, scale, and gross area of the subject property.**
- (d) Appropriate identification of the drawing as a tentative plan for a subdivision, partition, or replat.**
- (e) Location and tract designation sufficient to define its location and boundaries, and a legal description of the tract boundaries in relation to existing plats and streets.**
- (f) Certified copy of the recorded instrument under which the applicant claims an ownership interest, or copy of a land sales contract that binds the applicant in the event of tentative plan approval.**

FINDING: Applicant submitted plans that met the above stated standards.

(2) Information Concerning Existing Conditions.

- (a) Location, names, and widths of existing improved and unimproved streets and roads within and adjacent to the subject property.**
- (b) Location of any existing features such as section lines, section corners, City and special district boundary lines, and survey monuments.**

- (c) Location of existing structures, irrigation canals and ditches, pipelines, waterways, railroads, any natural features such as rock outcroppings, and natural hazards.
- (d) Location and direction of watercourses, and the location of areas subject to flooding.
- (e) Location, width, and use or purpose of any existing easement or right-of-way within and adjacent to the subject property.
- (f) Existing sewer lines, water mains, culverts, and other underground and overhead utilities within and adjacent to the subject property together with pipe sizes, grades, and locations.
- (g) Contour lines related to some established benchmark or other engineering acceptable datum and having minimum intervals of two feet for slopes of less than five percent (5%), five feet for slopes of five percent (5%) to fifteen percent (15%), 10 feet for slopes of fifteen percent (15%) to twenty percent (20%), and 20 feet for slopes greater than twenty percent (20%).
- (h) Zoning classification of land within and adjacent to the subject property.
- (i) Names and addresses of all adjoining property owners for a distance of 250 feet.

FINDING: Applicant submitted plans that met the above stated standards

(3) Information Concerning Proposed Development.

- (a) Location, names, width, typical improvements, cross-sections, bridges, culverts, approximate grades, curve radii and centerline lengths and reserve strips of all proposed streets, and the relationship to all existing and projected streets.
- (b) Location, width, and purpose of all proposed easements or rights-of-way and relationship to all existing easements and rights-of-way.
- (c) Location of at least one temporary benchmark within the subject property's boundaries.
- (d) Location, approximate area, and dimensions of each lot/parcel, and proposed lot/parcel and block numbers.
- (e) Location, approximate area, and dimensions of any lot/parcel or area proposed for public use, the use proposed, and plans for improvements or development thereof.
- (f) Proposed use, location, approximate area, and dimensions of any lot/parcel intended for nonresidential use.
- (g) An outline of the area proposed for partial recording, if contemplated or proposed.
- (h) Source, method, and preliminary plans for domestic water supplies, sewer lines, and all utilities.

(i) Description and location of any proposed community facility.

FINDING: Applicant provided plans that complied with the above stated standards, or in the case of a proposed community facility, does not apply.

(j) Stormwater and other drainage facility plans.

FINDING: Applicant did not submit stormwater plans as part of application materials.

CONDITION OF APPROVAL: Applicant shall provide stormwater and drainage plans for review prior to final plat approval for each phase of development.

(k) Proposed deed restrictions, including access restrictions or protective covenants if such are proposed to be utilized for the proposed development.

FINDING: Staff finds the Applicant has not proposed any of the above restrictions or covenants.

(l) Statement from each utility company proposed to serve the resulting lots/parcels stating that each company is able and willing to serve the proposed development as set forth in the tentative plan, and the conditions thereof.

FINDING: Staff finds Applicant provided will-serve letters from all utilities as part of their application materials.

(m) Proposed fire protection system for the proposed development and written approval thereof by the appropriate serving fire protection agency.

FINDING: Applicant has not proposed building structures. When Applicant applies for development permits, these permits will be reviewed for compliance with this criterion.

(n) Contour lines related to some established benchmark or other engineering acceptable datum and having minimum intervals of two feet for slopes of less than five percent (5%), five feet for slopes of five to fifteen percent (5% to 15%), 10 feet for slopes of fifteen to twenty percent (15% to 20%), and 20 feet for slopes greater than twenty percent (20%).

FINDING: Applicant provided plans showing contour lines meeting the above stated standards.

(o) An addressing plan for the development depicting proposed addresses and driveway locations for each proposed lot or parcel consistent with the requirements of Jefferson County Code Chapter 12.03.

FINDING: Addresses have not been obtained as part of these land use actions.

CONDITION OF APPROVAL: Prior to final plat approval for phase 1, Applicant shall work with Jefferson County to develop an address system for this subdivision.

(4) Scale. All tentative plans shall be drawn on a sheet at a scale not greater than one inch per 400 feet. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.8, 2019.]

FINDING: Applicant provided plans that meets this standard.

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18.60.090 Block standards.

To promote efficient multi-modal circulation along parallel and connecting streets throughout the City, developments shall produce complete blocks bounded by a connecting network of streets, in accordance with the following standards:

(1) New development shall construct and extend planned streets (arterials, collectors and locals) in their proper projection to create continuous through streets and provide the desirable pattern of orderly developed streets and blocks. Streets shall be developed within a framework that is established in the Transportation System Plan and any applicable special area plan, refinement plan, master plan or other adopted or approved development plan. Where such plans do not provide specific block length and perimeter standards, the requirements listed below shall apply:

(2) Block lengths and perimeters shall not exceed the following standards as measured from centerline to centerline of through intersecting streets:

(a) Six hundred sixty foot block length and 2,000-foot block perimeter in all residential zones;

FINDING: Staff find Drawings P1.7 and P1.8 meet block length standards.

(b) Four hundred foot block length and 1,500-foot block perimeter in the C-2 Zone;

(c) Six hundred sixty foot block length and 2,640-foot block perimeter for all other commercial, industrial and mixed-use zones;

FINDING: These standards do not apply as these standards apply to non-residential development.

(d) An exception may be granted to the maximum block length and/or block perimeter by the decision maker if the applicant can demonstrate that the block length and/or block perimeter cannot be satisfied due to topography, natural features, existing development or other barriers, or it is unreasonable to meet such standards based on the existing pattern of development, or other relevant factors. When an exception is granted, the decision maker may require the land division or property reconfiguration to provide blocks divided by one or more access corridors. Access corridors shall be located to minimize out-of-direction travel by pedestrians and bicyclists and shall meet all applicable accessibility standards. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.9, 2019.]

FINDING: Applicant has not requested an exception to block standards.

18.60.100 Lot standards.

The size, width, and orientation of lots/parcels shall be appropriate for the location of the land division and for the type of development and use contemplated, and shall be consistent with the lot size provisions of the governing zoning district, subject to the following:

(1) Lot Sizes. Portions of a lot with slopes in excess of twenty percent (20%) will not be counted for purposes of meeting minimum lot sizes.

FINDING: Staff finds the topography of subject parcels is generally flat or gently sloping, so this criterion does not apply.

(2) Frontage. Each lot shall satisfy applicable frontage requirements established by the zone in which it is located or the Public Improvement Standards.

FINDING: Applicant has proposed lots that meet frontage standards.

(a) Corner lots shall be five feet more in width than other lots within the zone in which the proposed corner lot is located.

FINDING: Staff finds Applicant has complied with this standard to the greatest extent that is practical.

(3) All side lot lines shall be at right angles to street lines or radial to curved streets. The decision maker may grant an exception where topography, watercourses, existing streets, infrastructure, and other development preclude such lot lines.

FINDING: Applicant has proposed lots that meet this standard to the greatest extent possible, so Staff finds Applicant meets this standard.

(4) Through Lots. Lots that span an entire block should be avoided except where they are essential to provide separation of residential development from major streets or adjacent nonresidential activities, or to overcome specific disadvantages of topography and orientation. The decision maker may require landscaping buffers or access restrictions as a condition of approval for any through lot.

FINDING: Applicant has not proposed through lots, so meets this standard.

(5) Solar Access. The lines of lots and parcels must be oriented such that the long axis is in the east-west direction. The decision maker may grant a waiver, where topography, natural features, existing development or other barriers inhibit required orientation. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.10, 2019.]

FINDING: Applicant has laid out parcels that meet this standard to the greatest extent possible so Staff finds Applicant meets this standard.

...

18.60.120 Approval process for tentative plan for subdivision or major replat.

(1) The Subdivision Committee shall make its recommendation concerning the tentative plan for a subdivision or major replat to the applicant and Planning Commission prior to the public hearing before the Planning Commission.

(2) The Planning Commission shall review the tentative plan and all reports and recommendations of appropriate officials and agencies.

(3) The Planning Commission may approve, approve with conditions, or deny the tentative plan for the proposed development and shall set forth findings for such decision.

(4) Approval of the tentative plan shall not constitute final acceptance of the plat of the proposed subdivision or major replat for recording; however, approval of such tentative plan shall be binding upon the City for purposes of the preparation of the plat and the City may require only such changes in the plat as are necessary for compliance with the terms of its approval of the tentative plan for the proposed subdivision or major replat and the terms of this chapter. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.12, 2019.]

FINDING: Staff finds Applicant is subject to the above stated standards.

...

18.60.140 Approval criteria for a tentative plan.

The Planning Commission shall not approve a tentative plan for a proposed subdivision or major replat, and the Community Development Director shall not approve a tentative plan for a proposed partition or minor replat, unless the applicable review body finds that the proposal satisfies the requirements of the Development Code, the design and construction standards and the following:

(1) For development other than needed housing, the proposed development contributes to orderly development and land use patterns in the area and provides for the preservation of natural features and resources of the area.

FINDING: Staff determined this proposed subdivision meets the standard for needed housing and proposed plans contribute to orderly development and land use patterns in the area. Subject properties are generally flat and Applicant is proposing development that will largely keep the slope of the topography intact.

(2) All required public facilities have adequate capacity, as determined by the City, to serve the proposed land division including, without limitation, the transportation, sewer, stormwater, and water systems.

FINDING: The Public Works Memorandum finds the applicant submitted a TIA prepared by Ferguson and Associates, Inc. dated April 26, 2022 detailing 1,665 daily trips at full buildout. Per the applicants Transportation Impact Analysis, the 2028 buildout warranted left turn lanes at the intersection of Loucks Road/Jefferson Street and US Hwy 97. The City's Transportation System Master Plan also identified the need for left turn lanes on the highway as well as Loucks Road at this intersection along with realignment of intersection for safety issues. The improvements are eligible for Transportation System Development Charge credits for property acquisition, design and construction of the improvements. Since the applicant's proposed traffic impacts will warrant the need for the improvements at the intersection of US Hwy 97 and Loucks Road/Jefferson Street, and it has been identified in the City's Transportation System Master Plan as a need, it is eligible for Transportation System Development Charge credits. The Public Works Memorandum requires the improvements to the Loucks Road/Jefferson Street improvements to be complete prior to the final plat of phase one of this development.

CONDITION OF APPROVAL: Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.

FINDING: The City of Madras updated its wastewater master plan in 2018. The plan identified the existing 8-inch sewer main from the intersection of US Hwy 97/US Hwy 26 and Maple to the intersection of US Hwy 97 and Cedar Street has the capacity to serve an additional 400 Equivalent Dwelling Units before surcharging of the existing system occurs. Since adoption of the plan, 72 single family dwelling units have been constructed and connected to City sewer which leaves a remaining 328 Equivalent Dwelling Units available to connect to City Sewer. Upon connection of the 328 Equivalent Dwelling Unit, the City will need to install a 12-inch parallel sewer from the intersection of Cedar Street and US Hwy 97 to Maple Street and US Hwy 97/US Hwy 26. The applicant has proposed 188 new dwelling units and as of date of the land use decision, the City has available capacity to serve the proposed 188 lots. Depending on timing of installation of infrastructure and final plat for any phase, the 188 EDUs of capacity in the system may not be available as there is additional development proposed in the same area which could use the existing capacity in the sewer system before the proposed 188 lots have completed public infrastructure improvements and recorded final plat.

(3) The tentative plan for the proposed development meets the applicable requirements of ORS 92.090.

FINDING: The proposal has been prepared in conformance with ORS 92.090. The tentative plan will meet all requirements associated with ORS 92.090 at the time of final platting.

(4) The tentative plan meets the applicable provisions of this chapter.

(5) The tentative plan satisfies the Public Improvement Standards. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.14, 2019.]

FINDING: The proposed tentative plan as proposed meets all required public improvements will be prepared and submitted to the City for approval with City standards and specifications as it relates to required public improvements.

18.60.150 Submission of final plat.

(1) Filing Time Period Requirements. The applicant shall prepare and submit to the Community Development Department a final plat that is in conformance with the approved tentative plan. Within three years after the approval date for the tentative plan, the applicant shall submit the final plat, filing fee, and any supplementary information required by this Development Code and the decision maker. If the applicant fails to proceed with the submission of the final plat before the expiration of the three-year period following the approval of the tentative plan, the tentative plan approval shall be void. The applicant may, however, submit a new tentative plan together with the appropriate filing fee.

FINDING: The Applicant submitted a tentative subdivision plan that includes four (4) phases of development. The applicant shall file an application for final plat approval for the first phase of development within one year after the approval date of the land use decision.

CONDITION OF APPROVAL: Within one year of the Planning Commission rendering a decision on Files SD-22-2 and MP-22-1, Applicant shall submit a final plat for the first phase of this subdivision that is in conformance with the approved tentative plan and all phases shall be platted within five years of tentative plat approval per the conditions set forth in MMC 18.55.010(6).

(2) Extensions.

(a) If the applicant is unable to comply with the filing time requirements of the Development Code, the applicant may submit a written letter to the Community Development Director requesting an extension of the final plat deadline. The letter shall be filed no earlier than sixty (60) days and no later than ten (10) days prior to the date the three-year period expires. It shall also be accompanied by the appropriate fee.

(b) If there is good cause, the Community Development Director may grant an extension up to six months from the date of expiration. Good cause shall require a showing by the applicant that the delay is unavoidable and was not the result of the applicant's own negligence. The applicant must also show they have made significant progress on each condition of the tentative plan.

(c) Any extension granted by the Community Development Director may be conditioned by a requirement that the applicant provide appropriate guarantees that the requirements of the Development Code will be met.

(d) The applicant may appeal a decision of the Community Development Director to the Planning Commission pursuant to MDC 18.80.240. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.15, 2019.]

FINDING: Applicant has not requested an extension. Should Applicant request an extension in the future, Applicant shall be subject to the above stated standards.

18.60.160 Submission of final plats for phased development.

(1) If a tentative plan is approved for phased development, the final plat for the first phase shall be filed within one year of the approval date for the tentative plan.

(2) The final plats for any subsequent phase shall be filed within three years of the approved date for the tentative plan.

(3) The applicant may request an extension for any final plat under this section in the manner provided for in MDC 18.80.280.

(4) If the applicant fails to file a final plat within the specified time period, the tentative plan approval for those phases shall become null and void. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.16, 2019.]

FINDING: Staff finds Applicant is subject to the above standards as well as master plan validity standards set forth in MMC 18.55.010(6).

CONDITION OF APPROVAL: Within one year of the Planning Commission rendering a decision on Files SD-22-2 and MP-22-1, Applicant shall submit a final plan plat for the first phase of this subdivision that is in conformance with the approved tentative plan and all phases shall be platted within five years of tentative plat approval per the conditions set forth in MMC 18.55.010(6).

18.60.170 Form of final plat.

(1) The final plat shall be submitted in the form prescribed by state statute and this Development Code.

(2) All plats and other writings or dedications made a part of such plats offered for recording, shall be made in black India ink, upon material that is 18 inches by 24 inches, suitable for binding and copying, having such characteristics of strength and permanency as may be required by the City. The plat shall be of such a scale, and the indication of the approvals thereof and of the dedication and affidavit of the surveyor shall be of such size or type as will be clearly legible, but no part shall come nearer any edge of the sheet than one inch. The plat may contain as many sheets as necessary, but a fact sheet and an index page shall be included for plats of two or more sheets. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.17, 2019.]

FINDING: Applicant is subject to the above stated standards for the form of final plat.

18.60.180 Information on final plat.

(1) General Requirements. In addition to that required for the tentative plan or otherwise specified by law, the following information shall be shown on the final plat:

(a) The name of the subdivision, partition, or replat.

(b) The name of the owner, applicant, and engineer or surveyor.

(c) The date, scale, north point, legend, controlling topography such as bluffs, creeks and other bodies of water, and existing highways and railroads.

(d) A legal description of the tract boundaries.

(e) Reference points of existing surveys, identified, related to the plat by distances and bearings, and referenced to a field book or map as follows:

(i) Stakes, monuments, or other evidences found on the ground and used to determine the boundaries of the development.

(ii) Adjoining corners of adjoining developments.

(iii) Other monuments found or established in making the survey or required to be installed by provisions of this Development Code.

(f) The exact location and width of streets and easements intercepting the boundary of the tract.

(g) Tract, block, and lot boundary lines and street rights-of-way and centerlines, with dimensions, bearing or deflecting angles, radii, arcs, points of curvature, and tangent bearings. Normal high-water lines for any creek, bay, or other body of water. Tract boundaries and street bearings shall be shown to the nearest thirty (30) seconds with the basis of bearings. Distances shall be shown to the nearest 0.01 feet. No ditto marks shall be used.

(2) Streets. The width of the streets being dedicated and the curve data shall be based on the street centerline. In addition to the centerline dimensions, the radius and central angle shall be indicated together with the long chord distance and bearing.

(3) Easements. Easements shall be noted by fine dotted lines, clearly identified and, if already of record, their recorded reference. If an easement is not on record, a statement of the easement shall be given. The width of the easement, its length and bearings, and sufficient ties to locate the easement with respect to the development shall be shown. If the easement is being dedicated by the map, it shall be properly referenced in the owner's certificates of dedication.

(4) Lot Numbers. Lot numbers beginning with the number "1" and numbered consecutively in each block.

(5) Block Numbers. For subdivisions and major replats, block numbers beginning with the number "1" and continuing consecutively without omission or duplication throughout the development. The numbers shall be placed so as not to obliterate any figures. Block numbers in an addition to a subdivision of the same name shall be a continuation of the numbering in the original subdivision.

(6) Public Lands. Public lands, including strips and easements, shall be clearly marked to distinguish them from lots intended for sale.

(7) Access Restrictions. Limitations on rights of access to and from streets, lots/parcels, and other parcels of land shall be clearly indicated.

(8) Area. The area of each lot/parcel, if larger than one acre, to the nearest hundredth (1/100 or 0.01) of an acre; and the area of each lot/parcel less than one acre, to the nearest square foot.

(9) Certificates and Signatures. The following certificates and signatures are required and shall be combined where appropriate:

(a) A certificate signed and acknowledged by all parties having any record title interest in the land consenting to the preparation and recording of the final plat.

(b) A certificate signed and acknowledged as above, dedicating all land intended for public use, except land intended for the exclusive use of the lot owners in the development, their licensees, visitors, tenants, and servants.

(c) A certificate with the seal of and signed by the surveyor responsible for the survey and final map.

(d) A certificate for execution by the County Surveyor. Any plat prepared by the County Surveyor in his private capacity shall be approved by the county surveyor of another county in accordance with ORS 92.100(2) and (3).

(e) A certificate for execution by the County Assessor.

(f) A certificate for execution by the County Tax Collector.

(g) A certificate for execution by the irrigation district, where applicable. All plans, plats, or replats of subdivisions or partitions located within the boundaries of an irrigation district, drainage district, water control district, district improvement company, or similar service district shall be submitted to the board of directors of the district or company and its approval thereof shall be indicated thereon by the board before City approval of such plan, plat, or replat of any subdivision or partition. Except that if the applicant is unable to obtain action or approval of any district or company within forty-five (45) days, the applicant shall notify the manager or administrator in writing and thereafter the City shall serve notice on that district or company that any objections to the plan, plat, or replat must be filed in writing with the City within twenty (20) days. Failure of the district or company to respond shall be considered an approval of such plan, plat, or replat.

(h) The signature of the Public Works Director.

(i) The signature of the Community Development Director.

(j) A signature of approval by the City Council.

(k) Other certificates required by state regulations. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.18, 2019.]

FINDING: Applicant is subject to the above stated standards. Staff notes that North Unit Irrigation District has facilities adjacent to subject parcel at the south end of subject parcel abutting Kinkade Road.

CONDITION OF APPROVAL: Prior to construction of Kinkade Road and prior to the final platting of phase 4, Applicant shall coordinate with the North Unit Irrigation District on any irrigation facilities located adjacent to or within the proposed subdivision including dedication and relocation of NUID facilities per the Public Works Memorandum. Applicant shall also make note of all irrigation facilities on all plats submitted for final plat review.

18.60.190 Requirements of survey and monumentation.

Any final plat submitted shall meet the survey and monumentation requirements of ORS Chapter 92. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.19, 2019.]

FINDING: Applicant is subject to the above stated standards.

18.60.200 Supplemental information with final plat.

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The following data, if applicable, shall accompany the final plat:

- (1) **Title Report.** A preliminary title report or subdivision guarantee report issued by a title insurance company in the name of the owner of the land, showing all parties whose consent is necessary and their interest in the premises; such report shall show evidence of a clear and marketable title.
- (2) **Survey Data Sheets.** Sheets and drawings shall contain the following information:
 - (a) Traverse data including the coordinates of the boundary of the development and ties to section corners and donation land claim corners, and showing the error of closure, if any. A survey control work sheet may be substituted for this item.
 - (b) The computation of distances, angles, and courses shown on the plat.
 - (c) Ties to existing monuments, proposed monuments, adjacent developments, street corners, and state highway stationing.
- (3) **Deed Restrictions.** A copy of any deed restrictions applicable to the development.
- (4) **Homeowner's Association.** If applicable, a copy of any homeowner's association agreement proposed or required for the development.
- (5) **Dedications.** A copy of any dedication requiring separate documents with specific reference to parks, playgrounds, etc.
- (6) **Taxes.** A list of all taxes and assessments on the tract which have become a lien on the land subdivided.
- (7) **Improvements.** If grading, street improvements, sewer or water facilities are required as a condition of approval of the final plat, the following shall be required to be submitted with final plat:
 - (a) An improvement plan in accordance with MDC 18.20.100(3).
 - (b) Plans and profiles of sanitary sewers, location of manholes, and drainage system.
 - (c) Plans and profiles of the water distribution system showing pipe sizes and location of valves and fire hydrants.
 - (d) Specifications for the construction of all utilities.
 - (e) Grading plans and specifications as required for areas other than streets and ways.
 - (f) Planting plans and specifications for street trees and other plantings in public areas.
 - (g) Plans for improvements, design factors, or other provisions for fire protection or fire hazard reduction. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.20, 2019.]

FINDING: Applicant shall submit a final plat that meets the above criteria.

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18.60.210 Technical review of final plat.

(1) **Compliance Check.** Upon receipt by the Community Development Department, the final plat and other data shall be reviewed by the Subdivision Committee or Community Development Director, as applicable, to determine that the development, as shown, is substantially the same as it appeared on the approved tentative plan, and for compliance with provisions of this Development Code and other applicable laws.

(2) **Field Check.** The Public Works Director, the Community Development Director, and the County Surveyor, may make such checks in the field as are desirable to verify that the plat is sufficiently correct. The applicant shall grant permission to the Public Works Director, Community Development Director, or County Surveyor to enter the property for this purpose. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.21, 2019.]

FINDING: Prior to final plat approval, Staff will review the proposed plat for compliance with the above stated standards.

18.60.220 Conditions of final plat approval.

(1) The Subdivision Committee or Community Development Director, as applicable, shall determine whether the final plat conforms with the approved tentative plan and these regulations. If the applicable review body does not approve the final plat, it shall advise the applicant of the changes or additions that must be made and shall afford them an opportunity to make corrections. If the applicable review body determines that the plat conforms to all requirements, it shall recommend approval, provided supplemental documents and provisions for required improvements are satisfactory. Approval of the final plat does not constitute or effect an acceptance by the public of the dedication of any street or other easement shown on the plat, nor does such approval bind any other jurisdiction with review authority over the plat.

(2) No final plat shall be approved unless:

(a) Streets and roads for public use are to be dedicated without any reservation or restriction.

(b) Streets and roads held for private use as indicated on the tentative plan for such development have been approved by the City Public Works Director.

(c) The plat or map contains provisions for dedication to the public of all public improvements, including, but not limited to, streets, roads, parks, and sewage disposal and water supply systems, if made a condition of the approval of the tentative plan.

(d) Explanations of all public improvements required as conditions of approval of the tentative plan shall be recorded and referenced on the final plat or map.

(3) No plat shall be approved unless the developer has either constructed, and had accepted by the City Public Works Director, the required public improvements, or the developer has executed an improvement agreement acceptable to the City. If the developer chooses to construct the improvements, the developer shall also file with the City a warranty bond executed by a surety company to cover the one-year warranty period following acceptance by the City. Said bond shall be in the amount of ten percent

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(10%) of the value of the improvements as determined by the Public Works Director. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.22, 2019.]

FINDING: Prior to final plat approval, the proposed plat will be reviewed in accordance with the above stated standards.

18.60.230 Final signatures.

After the final plat has been checked and approved as provided in this chapter, and all signatures have been obtained, except for those of the Community Development Director and any signatures required from County officials, the Community Development Director shall certify the final plat and submit it to the County for final signatures. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.23, 2019.]

FINDING: Prior to final plat approval, the proposed plat will be reviewed in accordance with the above stated standards.

18.60.240 Recording of final plat.

(1) No plat shall have any force or effect until the same has been duly executed and recorded. No title to any property described in any offer of dedication shall pass until the final plat has been recorded.

(2) No plat shall be recorded unless all ad valorem taxes and all special assessment fees or other charges required by law to be placed upon the tax roll, which have become a lien upon the development or which will become a lien during the calendar year, have been paid.

(3) The applicant shall provide exact copies of the recorded plat to the Community Development Director. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.24, 2019.]

FINDING: Applicant is subject to the above stated standards and shall provide exact copies of the recorded plat to the Community Development Director.

18.60.250 Errors in the final plat.

If an error in the final plat is discovered after the plat has been filed with the County Clerk, the error shall be corrected by filing a correction plat, which shall be submitted in the same manner as a final plat. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 933 § 12.25, 2019.]

FINDING: Applicant is subject to the above standard and shall correct errors by submitting a correction plat.

...

18.60.270 Flag lots.

(1) Eligibility for Flag Lots. Flag lots may only be created if the Public Works Director determines that it is impractical to extend a street (including, without limitation, a cul-de-sac) to the flag portion of a proposed flag lot development.

(2) **Development Standards.** In addition to meeting all other applicable criteria, flag lots must comply with the following standards:

(a) The minimum lot frontage and minimum width for the pole of a flag lot is 15 feet. The minimum frontage and minimum width for the front lot is the otherwise applicable minimum less 10 feet. Any pole exceeding 150 feet will have to meet all applicable fire code requirements.

(b) When a shared driveway serves two or more properties, the shared driveway width must be a minimum of 20 feet. A shared driveway must be employed if the parent parcel has less than 100 feet of street frontage (or less than 80 feet of frontage if on a cul-de-sac) or for any proposed flag lot on a collector or arterial. The maximum number of properties utilizing a shared driveway is four. Any shared driveway must have a reciprocal access and maintenance easement acceptable to City recorded for all properties utilizing the shared driveway prior to or current with platting.

(c) Except for the minimum requirements for the pole stated above, minimum lot widths and depths, if any, are measured on the flag portion of a flag lot.

(d) The flag portion of a flag lot must meet the applicable minimum lot sizes without considering the area of the pole portion of the flag lot.

(e) The front setback does not apply to the flag portion of the flag lot. The lot lines in the flag portion of a flag lot are side lot lines except for the rear lot line, which is a rear lot line.

(f) Except as otherwise provided in this subsection, the front lot must meet all applicable requirements for creation of a lot in the applicable zone.

(g) Flag lots and front lots are not eligible for any variances from dimensional requirements. [Ord. 959 § 2.1 (Exh. B), 2021; Ord. 945 § 2 (Exh. C § 12.27), 2020.]

FINDING: Applicant has not proposed flag lots. If during the review process and prior to final plat, Applicant does propose flag lots, Applicant shall be subject to the above stated standards.

Chapter 18.80 - ADMINISTRATIVE PROVISIONS

18.80.050 Burden of proof.

The burden of proof to demonstrate compliance with the applicable standards is upon the applicant for all land use approvals and planning reviews. [Ord. 933 § 16.5, 2019.]

FINDING: The applicant submitted a burden of proof statement with all other application materials.

18.80.060 Applicable standards.

The standards and criteria applicable to an application shall be the standards and criteria applicable at the time the application was first submitted. [Ord. 933 § 16.6, 2019.]

FINDING: The Community Development Department has identified the applicable approval criterial for this land use request.

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18.80.090 Classification of decisions.

All land use approvals and planning reviews shall be processed based on the decision classification hierarchy set forth below. Except where the classification is expressly prescribed in this Development Code, the Community Development Director shall have discretion as to how a particular application, request, or review shall be classified and which review procedures will be used, which shall not be an appealable decision.

...

(3) Type III Decisions.

(a) Type III decisions are made by the Planning Commission after a public hearing following quasi-judicial hearings procedures set forth in this chapter.

(b) Applications for a subdivision, planned unit development, conditional use, major variance, quasi-judicial zone change, master development plan, and such other applications as prescribed by this Development Code shall be processed as Type III decisions.

(c) If appealed, Type III decisions may be appealed to the City Council subject to the City Council's discretion to hear the appeal.

FINDING: The Community Development Department has processed this land use application in accordance with the Type III procedures specified above. Notably, a public hearing before the Planning Commissions has been scheduled for February 16, 2022.

18.80.110 Notice of application.

(3) Notice of Type III decisions shall be the same as that required of Type II decisions except that the Community Development Director shall set the date of the initial public hearing and a notice of the public hearing shall be published in a newspaper of general circulation within the City no less than twenty (20) days and no more than forty (40) days prior to the public hearing.

FINDING: On June 10, 2022 the Community Development Department issued a notice to all property owners within 250 feet of the subject property. The Department recognized that the June 21, 2022 property owner notice was insufficient to satisfy the above stated standard. Accordingly, on June 21, 2022 the Community Development Department issued a supplemental notice to all property owners within 500 feet of the subject property thereby satisfying the above stated standard. Furthermore, the Department requested a public hearing being published in the Madras Pioneer newspaper on June 8, 2022. The provided adjacent property owner notices and public hearing notice in the newspaper satisfy the above stated standards.

18.80.120 Contents of public notice.

(1) All required public notices shall provide a brief description of the applicant's request, a list of applicable standards, the location of the property, the date, time, and place of the public hearing (if applicable), and instructions on obtaining copies of the application and providing written comment.

(2) All notices for public hearings shall also contain a statement that recipients may request a copy of the staff report. [Ord. 933 § 16.12, 2019.]

18.80.140 Filing of staff report for public hearing.

(1) A staff report shall be completed at least seven days prior to the public hearing.

(2) A copy of the staff report shall be filed with the decision maker, mailed to the applicant, and made available to such other persons who request a copy.

(3) Oral or written modifications and additions to the staff report shall be allowed prior to or at the time of the public hearing. [Ord. 933 § 16.14, 2019.]

FINDING: The provided adjacent property owner notices and public hearing notice in the newspaper contained the information specified above

18.80.230 Appeals.

(1) A decision shall be final unless a complete notice of appeal, compliant with MDC 18.80.240, is received by the Community Development Department within fifteen (15) days of the mailing date of the final written decision and provided the challenged decision is subject to appeal.

(2) Who may file an appeal:

(a) A party to the application.

(b) A person to whom notice was to be mailed in accordance with MDC 18.80.110, and to whom no notice was mailed.

(c) The Planning Commission; provided, however, any appeal by the Planning Commission shall go directly to the City Council. No fee shall be required for an appeal filed by the Planning Commission.

(3) If more than one party files a notice of appeal on the same decision, the appeals shall be consolidated, noticed, and heard as one proceeding.

(4) An appeal may be withdrawn in writing by an appellant at any time prior to the rendering of a final decision on the appeal. Subject to the existence of other appeals on the same application, in such event the appeal proceedings shall terminate as of the date the withdrawal is received. An appeal may be withdrawn under this section regardless of whether other nonfiling parties have relied upon the appeal filed by the appellant.

(5) Any failure to conform to the requirements of MDC 18.80.240 and MDC 18.80.250 shall constitute a jurisdictional defect requiring dismissal of the appeal as untimely and/or unperfected.

(6) Determination of jurisdictional defects in an appeal shall be made by the body to whom an appeal has been made. [Ord. 933 § 16.23, 2019.]

FINDING: The Planning Commission's decision on the proposed master plan may be appealed. However, such appeal shall meet all requirements of MMC 18.80.230.

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DECISION:

Based on the application submitted and related materials, and the findings in this decision, the applicable approval criteria for a Site Plan Review application are met and is approved subject to the conditions of approval listed below. Where specific improvements are proposed and approved as submitted, the construction of those improvements may not be listed as a specific condition of approval. Any substantial alteration of the approved plans, other than revisions required to comply with the conditions of approval, may require additional permit(s) to be obtained from the decision maker.

CONDITIONS OF APPROVAL:

- 1) Applicant shall label dimensions of all parcels on drawing submitted to the City prior to final plat review.
- 2) Prior to certificate of occupancy, all residential structures shall be connected to City sewer and DVWD water systems and Applicant shall demonstrate compliance with the above criteria, including compliance with the Public Works Memorandum, identifying a recording with Jefferson County about any easements related to sewer or water service during development permit review.
- 3) If Applicant intends to abandon any existing sewer or water infrastructure, per the Public Works Director, this shall be addressed during construction plan review.
- 4) Applicant shall comply with the Public Works Memorandum regarding street light installation and standards and provide light plans prior to starting construction of construction of public improvements. Lighting will be reviewed more extensively in MMC 18.25.160 and any other applicable section of City code with findings and conditions of approval found therein.
- 5) Prior to issuance of development permits Applicant shall provide plans meeting landscaping standards in effect at the time of issuance of development permits and for the proposed townhome development in phase 4, a landscaping plan shall be required as part of site plan review.
- 6) Applicant shall make improvements to internal streets within the proposed development that meet standards set forth in the Public Works Memorandum, Improve NE Loucks Road and NE Kinkade Road in accordance with the Public Works Memorandum and dedicate needed right of way for all road improvements. Improvements and right of way dedications shall be made prior to final plat of each respective phase per the Public Works Memorandum.
- 7) Prior to final plat of each phase, Applicant shall make street improvements and dedicate necessary right of way in accordance with the Public Works Memorandum and more details about improvements and dedication requirements are found throughout this decision and in the Public Works Memorandum.
- 8) Applicant shall dedicate five feet of right of way along NE Loucks Road prior to the final plat of phase 1 and 35 feet of right of way along the west side of NE Kinkade Road prior

to the final plat of phase 4. Prior to final platting of phase 1, Applicant shall make improvements to Loucks Road adjacent to subject property and prior to final platting of phase 4, Applicant shall make improvements to Kinkade Road to the standards set forth in the Public Works Memorandum.

- 9) Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.
- 10) Per the Public Works Memorandum, Applicant shall dedicate 55 feet for right of way for streets designated as local streets, dedicate 60 feet of right for streets designated as local collectors and dedicate necessary right of way per the Public Works Memorandum for streets designated as major collectors. Applicant shall also make street improvements to streets that meet the standards and phasing as set forth in the Public Works Memorandum.
- 11) Applicant shall make street improvements and dedications of right of way that meet the standards and phasing as set forth in the Public Works Memorandum. Specifically, NE Loucks Road shall be improved as part of phase 1 and NE Kinkade Road shall be improved as part of phase 4. Internal street improvements and dedications shall be completed concurrent with each respective phase.
- 12) Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.
- 13) Prior to final plat of Phase 1, revise and resubmit plans for lots 85 and 86 to Community Development that comply with City standards to not take access from NE Kinkade Road.
- 14) Prior to final plat approval for each phase, Applicant shall comply with the above stated standards regarding street names.
- 15) Per the Public Works Memorandum, the sidewalk adjacent to Loucks Road, Kinkdade Road and the Park shall be constructed prior to recording of final plat in each of their respective phases. All other sidewalks may be constructed at time of building permit for each respective lot. ADA complaint ramps will be installed at all street intersections and include detectable warning plates. Each ramp entering the road way must have an opposing receiving ramp to accept pedestrians. All curb ramps are to have the City of Madras cast iron detectable warning plates per East Jordan Iron Works or approved equal. The City follows ODOT Standard Detail 1720 and 1721 for design of ADA ramps. All ramps constructed will be inspected with ODOT Form 734-5020. The applicant will be responsible for insuring that ramps are in full compliance with the form. Any

deficiencies in the ramp are to be corrected before acceptance of the project and receipt of certificate of occupancy. Tubular markers shall be inserted in the curb at the inside radius and apex of the outside radius of curb extensions. Hardscape areas in between ramps. ADA ramps will be constructed prior to recording of final plat in each respective phase

- 16) Applicant shall construct bike lanes per the Public Works Memorandum with a minimum of a 5.5-wide bike travel lane and dedicate right of way as part of overall right of way dedication requirements. Per the Public Works Memorandum, improvements and dedications related to Loucks Road shall be completed prior to final plat of phase one and improvements and dedications related to Kinkade Road shall be completed prior to final platting of phase four.
- 17) Street frontage dimensions for all proposed lots shall be listed on the final plat prior to final plat approval.
- 18) Prior to final plat of Phase 1, Applicant shall demonstrate how proposed lots 85 and 86 will take access from a street or road other than Kinkade Road.
- 19) All utilities must be installed underground consistent with MMC 18.20.050, Public Improvement Design and Construction Standards, and Public Works Director's Memorandum dated June 29, 2022 regarding the Sagebrook Subdivision.
- 20) All proposed public utility easements must be noted on plans submitted as part of final plat approval and dedicated, as a part of the final plat in a manner consistent with the Public Improvement Design and Construction Standards, and Public Works Director's Memorandum.
- 21)** The applicant will be required to install and maintain irrigation, landscaping, and street trees within the public right of way between curb and sidewalk adjacent to the property. Landscaping materials shall be pedestrian and vehicle friendly. Street trees must be provided at a rate of at least one tree per residential unit or a tree every 35 feet of spacing with irrigation between the curb and sidewalk. See City of Madras Standard Detail 7-9A for typical tree planting details. In accordance with the Urban Forestry Plan, the Public Works Department will determine species of trees planted. Irrigation shall be supplied and maintained by the applicant or property owner. Trees are not allowed to be pruned/removed/or replaced without City approval. Street trees will be installed with installation of a dwelling on each of the lots. A planting plan shall be submitted as part of the engineered infrastructure plans that will be submitted, reviewed and approved by the City for each phase.
- 22)** All street lighting shall be shown on the construction plans that are submitted to the City. Submit plans and specifications to the Public Works Department for approval prior to platting each phase of development. All lighting shall be installed per the Public Works Memorandum and approved before final plat approval for each phase of development.
- 23) The applicant shall satisfy all requirements of the Jefferson County Fire District #1, as identified in their comments dated June 16, 2022 (Exhibit E), prior to platting each phase of development.

- 24) Applicant shall follow the requirements of the Public Works Memorandum for sewer and domestic water service requirements. All lots shall be served by sanitary sewer and domestic water services and the Public Works Memorandum specifies standards to which sewer systems shall be built. Applicant shall provide plans for review meeting the above stated standards prior to final platting of each phase of development. All sewer services shall be built to and through each phase of the development and connect to adjacent sewer City sewer system lines per the Public Works Memorandum.
- 25) Prior to final plat approval of each phase, Applicant shall provide drainage plans meeting City standards and the standards set forth in the Public Works Memorandum.
- 26) Per the Public Works Memorandum, prior to final platting of phase 4, Applicant is required to complete all the internal infrastructure proposed in the phasing plan including improvement of Kinkade to include ROW dedication and relocation of the NUID irrigation facilities.
- 27)** Prior to recording of the plat, final detailed construction plans will be required to be reviewed, approved, constructed and accepted by the Public Works Director per the Public Improvement Design and Construction Standards.
- 28) Applicant shall comply with the Public Works Memorandum regarding dedication of park land and payment of in-lieu of fees including dedicating 0.95 acres prior to final plat of phase 2 and pay an in-lieu of fee based on the RMV of the remaining 1.88 acres the Applicant would otherwise have to dedicate.
- 29) Applicant shall pay comply with the Public Works Memorandum regarding dedication of park land and payment of in-lieu of fees to comply with the above stated standards of dedicating 0.95 acres of parkland prior to final plat of phase 2 and prior to the final plat of phase 3, either paying an in-lieu of fee based on the RMV, adjusted for inflation, of the remaining 1.88 acres of required parkland or constructing park improvements.
- 30) Prior to final plat approval, Applicant shall ~~must~~ establish appropriate easements, shared wall agreements, and common area maintenance agreements acceptable to City to support the townhome and private alley development and record these with Jefferson County.
- 31) Prior to final plat, Applicant shall provide plans showing all lots comply with the standards set forth in MMC 18.30.190(2) including showing all proposed townhome lots comply with size and dimension standards.
- 32) Prior to issuance of development permits, Applicant shall provide plans showing the number of parking spaces provided for each townhome and provide plans showing the number and location of communal parking spaces the meet City standards.
- 33) Prior to final plat of phase 4, Applicant shall provide plans that meet the standards related to common areas of the proposed townhome development.
- 34) Prior to final plat approval of phase 4, Applicant shall submit plans showing the location and description of the minimum of one recreational amenity meeting the above stated

standards for townhomes. At Applicant's discretion, Applicant may propose and construct more than one amenity.

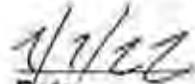
- 35) Prior to final plat approval, Applicant shall establish appropriate easements, shared wall agreements, and common area maintenance agreements acceptable to City to support the townhome and private alley development and record these with Jefferson County.
- 36) Stormwater plans shall be submitted for review prior to final plat of all phases of development.
- 37) Prior to final plat of phase 3 development, Applicant shall comply with the conditions regarding park, open space and in-lieu of fees as laid out in the Public Works Memorandum.
- 38) Prior to final plat approval for any phase with any commonly owned property, private streets, and other private amenities/infrastructure, Applicant shall provide documentation that these facilities shall be maintained through an owner's association, maintenance agreement, or other arrangement acceptable to City with such agreements being recorded with Jefferson County.
- 39) Prior to final plat of phase 1, Applicant shall determine what other type(s) of housing are proposed and upon which lots additional types of housing other than single family residences and townhomes will be located.
- 40) The master plan shall remain valid for 5 years from the date of this land use decision.
- 41) Prior to development and final plat of phase 4 of the proposed townhomes, Applicant shall file a townhome site plan application for review by the Community Development Department.
- 42) Applicant shall provide stormwater and drainage plans for review prior to final plat approval for each phase of development.
- 43) Prior to final plat approval for phase 1, Applicant shall work with Jefferson County to develop an address system for this subdivision.
- 44) Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road as a condition of development and will be credited Transportation System Development Charges for the improvement fee portion only for design, land acquisition, and construction of the improvements per the City's Transportation System Master Plan, and as approved by the Public Works Director. A detailed cost proposal and ODOT permitting must be reviewed and approved by City and ODOT before proceeding.
- 45) Within one year of the Planning Commission rendering a decision on Files SD-22-2 and MP-22-1, Applicant shall submit a final plat for the first phase of this subdivision that is in conformance with the approved tentative plan and all phases shall be platted within five years of tentative plat approval per the conditions set forth in MMC 18.55.010(6).
- 46) Prior to construction of Kinkade Road and prior to the final platting of phase 4, Applicant shall coordinate with the North Unit Irrigation District on any irrigation facilities located adjacent to or within the proposed subdivision including dedication and relocation of

NUID facilities per the Public Works Memorandum. Applicant shall also make note of all irrigation facilities on all plats submitted for final plat review.

END OF CONDITIONS OF APPROVAL

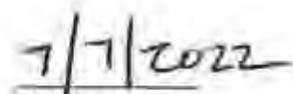


Joel Hessel
Planning Commission Chair


Date



Mailed by
Jeff Broderick
Associate Planner


Date

cc: Development Team, Parties of the Record, Files MP-22-1 and SD-22-2







































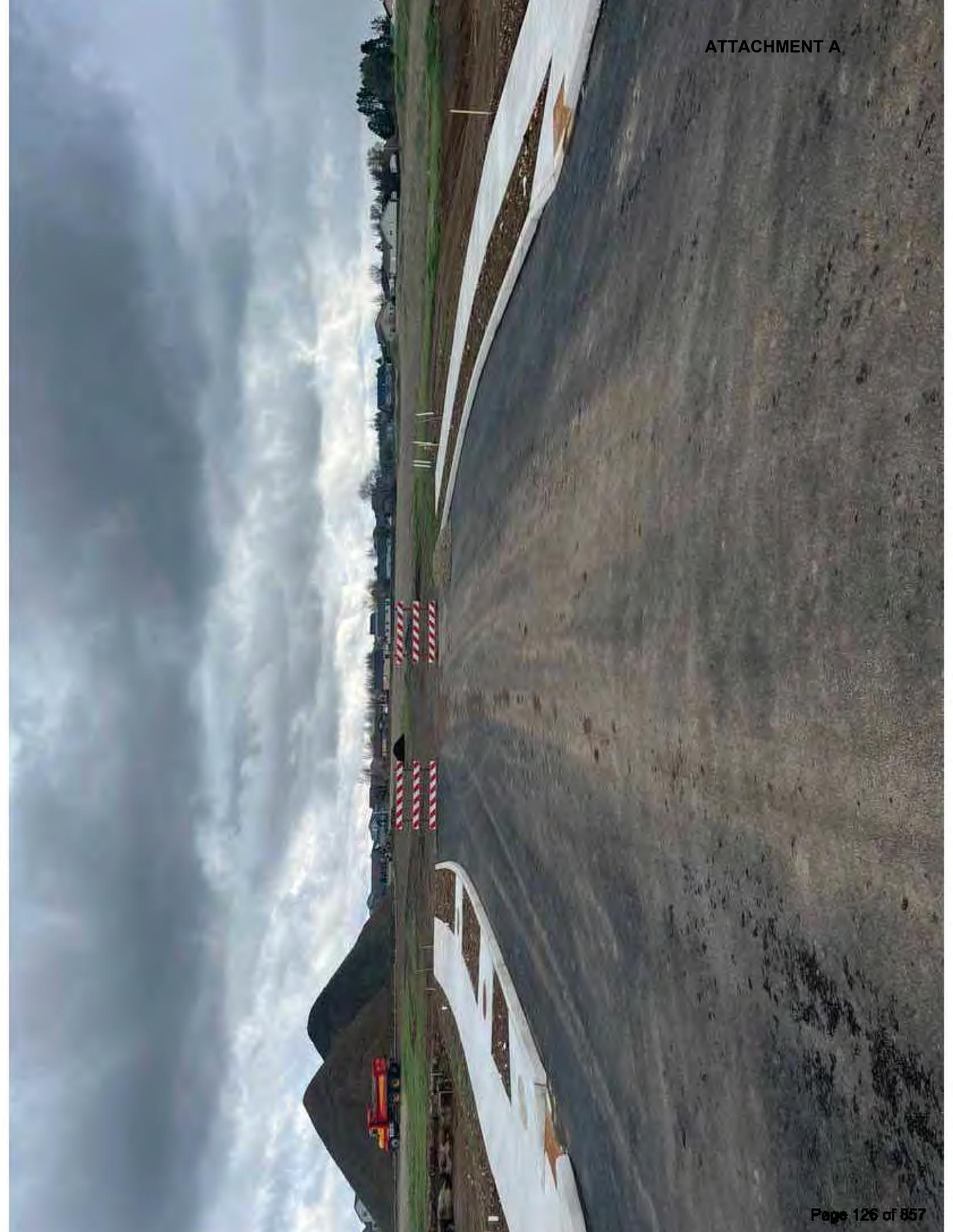


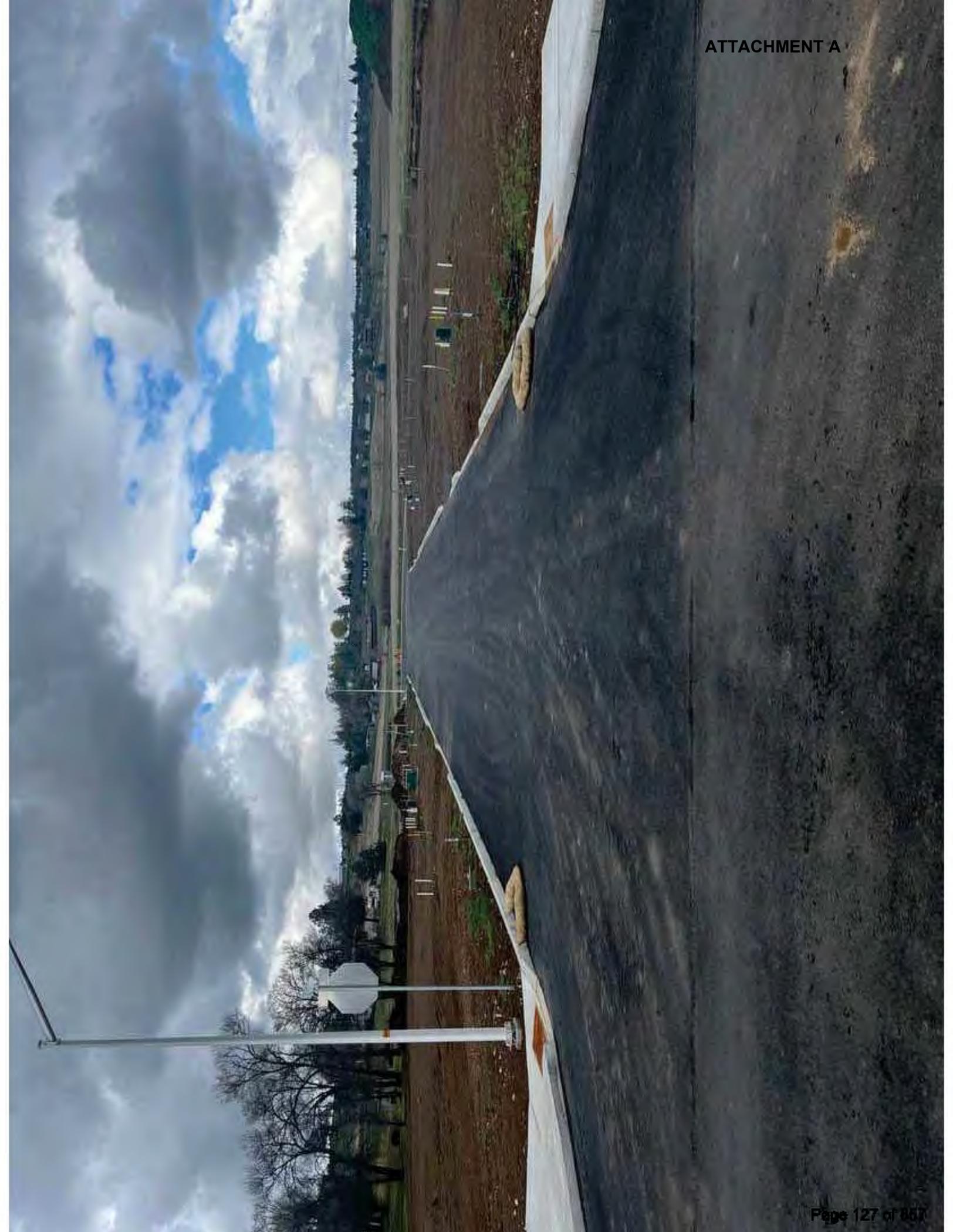


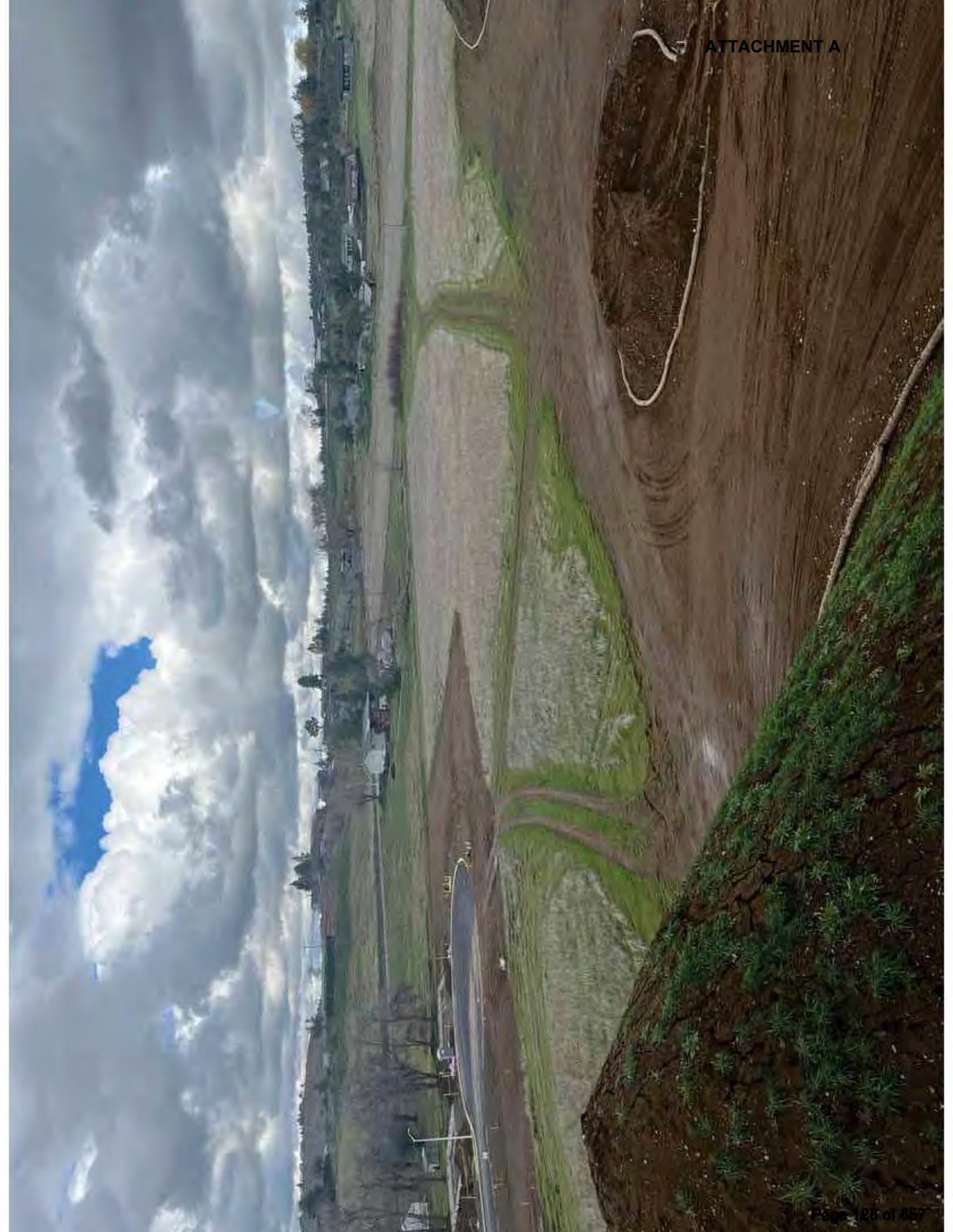




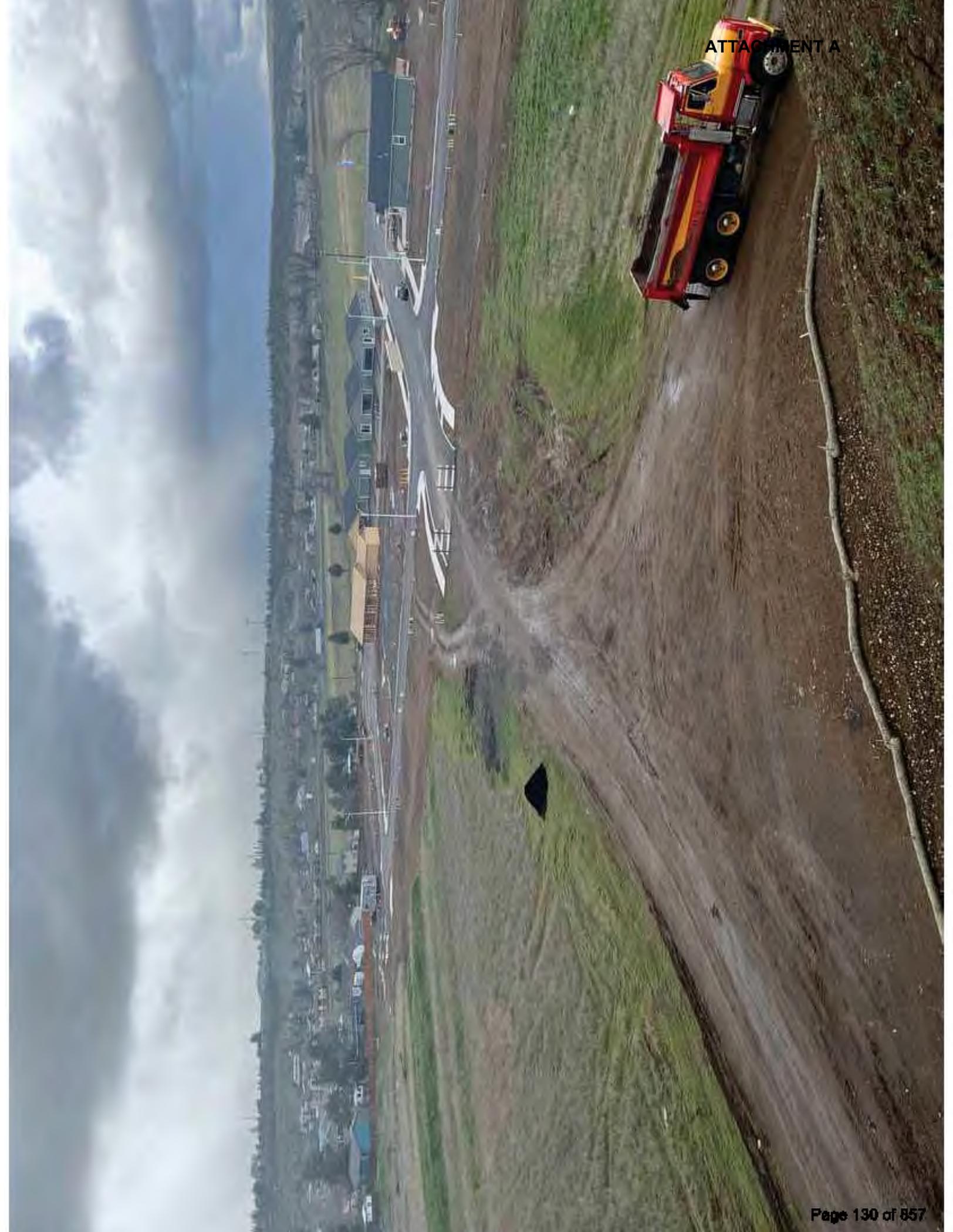


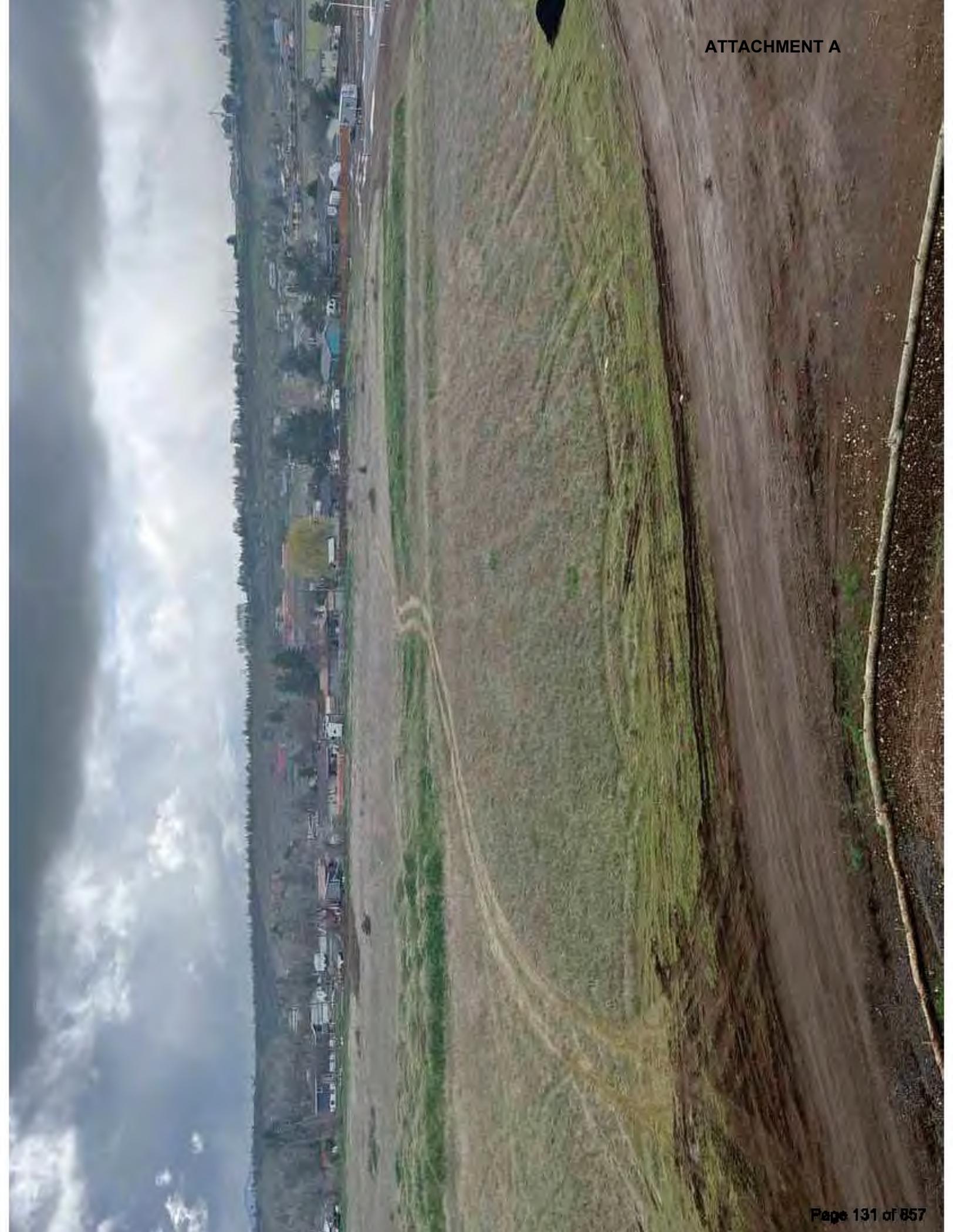


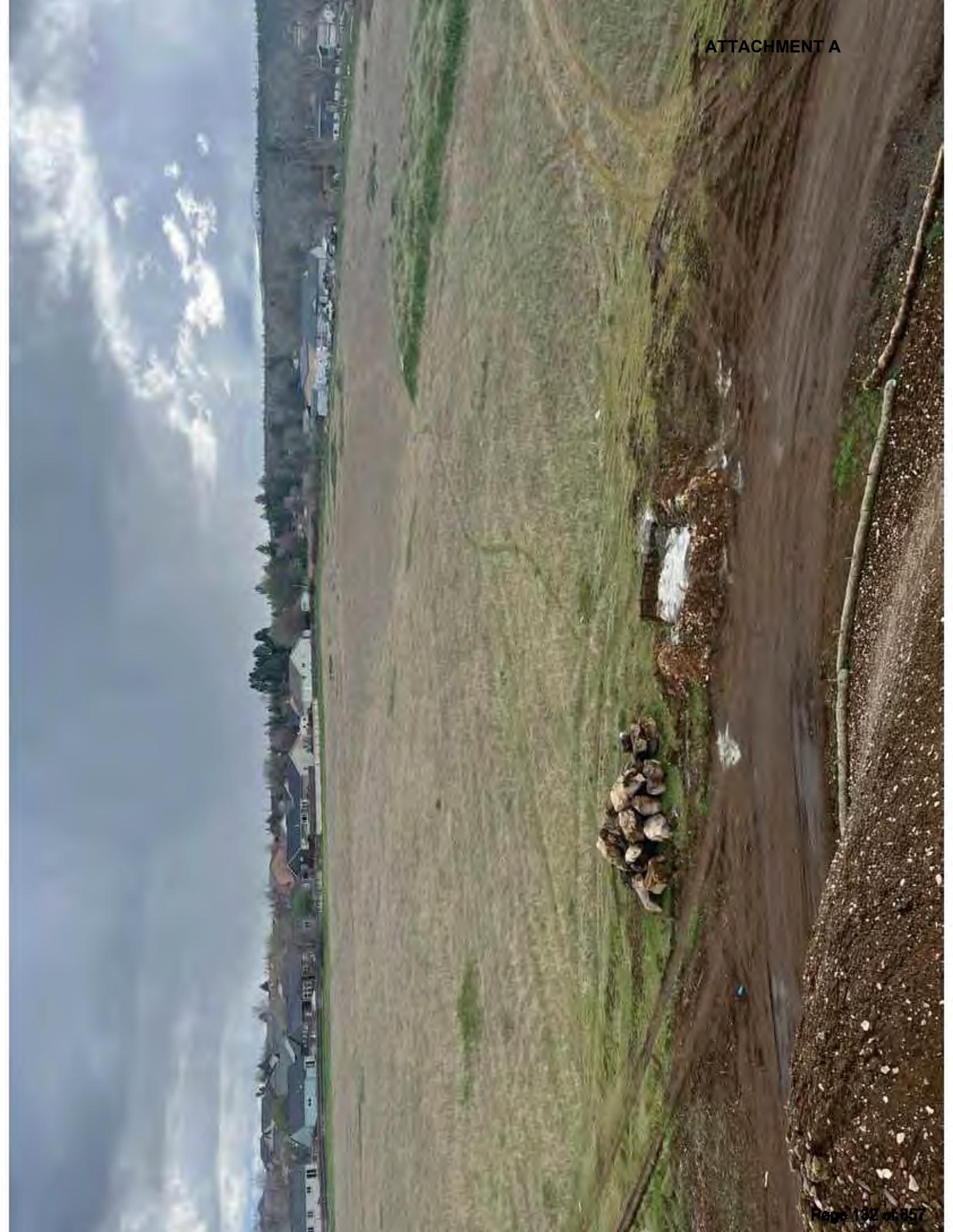




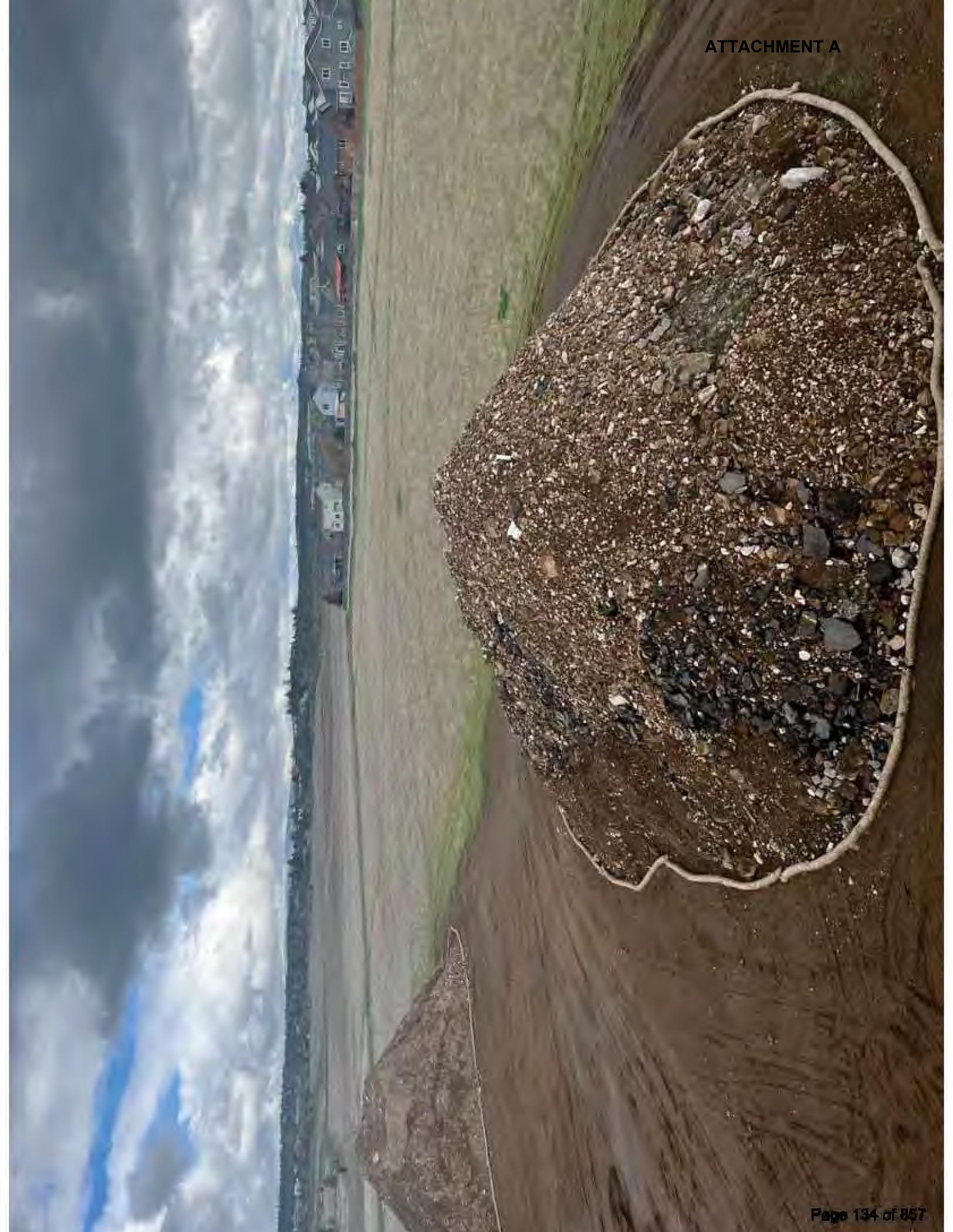














JEFFERSON COUNTY
Real Legal Descriptions

Account # 891
 Map 111301AC 00500
 Effective Date 29-Mar-2024 10:48 AM
 Disclaimer This information is maintained for assessment and taxation purposes only. The county is not responsible for possible errors, omissions, misuse, or misinterpretation. The legal description shown will not show any changes and/or modifications thereto subsequent to the EFFECTIVE DATE.

Subdivision	Lot	Block	Direction	Part	Part Type
SAGEBROOK ESTATES PHASE 1	TRACT J				

Metes and Bounds
TRACTC

A parcel of land located in the Southwest One-Quarter of the Northeast One-Quarter of Section 1, Township 11 South, Range 13 East, Willamette Meridian, City of Madras, Jefferson County, Oregon, being more particularly described as follows:

BEGINNING at the Southwest corner of said Southwest One-Quarter of the Northeast One-Quarter of Section 1; thence along the West line of said Southwest One-Quarter of the Northeast One-Quarter of Section 1 North 00°01'36" East 1290.25 feet to the South right of way line of Northeast Loucks Road; thence along said South right of way line South 89°28'44" East 489.64 feet to the Northwest corner of Parcel 1 of Minor Land Partition MP-82-14; thence along the West line of said Parcel 1 South 38°30'47" East 230.41 feet to the Southwest corner of said Parcel 1; thence along the South line of said Parcel 1 South 84°33'17" East 255.33 feet to the Southeast corner of said Parcel 1 and the Southwest corner of Parcel 2 of said Minor Land Partition MP-82-14; thence along the South line of said Parcel 2 South 71°51'52" East 107.58 feet; thence South 18°08'08" West 240.50 feet; thence South 89°57'54" West 143.72 feet; thence North 0°02'06" West 11.38 feet; thence South 89°57'54" West 266.22 feet; thence South 16°11'57" East 608.31 feet; thence along a curve to the right with a radius of 180.00 feet, a length of 50.78 feet, a delta angle of 16°09'51", and a chord bearing South 8°07'01" East 50.61 feet; thence South 0°02'06" East 201.03 feet to the South line of said Southwest One-Quarter of the Northeast One-Quarter of Section 1 and the Northwest corner of Tract A of Morning Crest Estates Phase 4; thence along said South line of the Southwest One-Quarter of the Northeast One-Quarter of Section 1, the North line of said Morning Crest Estates Phase 4, and the North line of Morning Crest Estates Phase 2 North 89°35'10" West 682.30 feet to the POINT OF BEGINNING.

The Basis of Bearings is North 89°35'10" West along said South line of the Southwest One-Quarter of the Northeast One-Quarter of Section 1.

The above described land contains 20.10 acres, more or less.

RECORDING REQUESTED BY:



153 SW 5th Street
Redmond, OR 97756

Jefferson County Official Records Katherine Zemke, County Clerk	2024-0472 02/29/2024 01:38:05 PM
D-WD Cnt=1 Stn=21 MERCEDES \$30.00 \$11.00 \$10.00 \$60.00 \$10.00	\$121.00

AFTER RECORDING RETURN TO:

Order No.: WT0251472-BC
George Hale
Wood Hill Homes, Inc.
70 SW Century Drive, #100-240
Bend, OR 97702

SEND TAX STATEMENTS TO:

Wood Hill Homes, Inc.
70 SW Century Drive, #100-240
Bend, OR 97702

APN:891
892
Map: 111301AC00500
111301AC00500

SPACE ABOVE THIS LINE FOR RECORDER'S USE

STATUTORY WARRANTY DEED

Jay Sehgal and Satish M. Puri, Grantor, conveys and warrants to Wood Hill Homes, Inc., an Oregon corporation, Grantee, the following described real property, free and clear of encumbrances except as specifically set forth below, situated in the County of Jefferson, State of Oregon:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

THE TRUE AND ACTUAL CONSIDERATION FOR THIS CONVEYANCE IS FIVE HUNDRED THOUSAND FOUR HUNDRED NINETY-ONE AND NO/100 DOLLARS (\$500,491.00). (See ORS 93.030).

Subject to:

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF

STATUTORY WARRANTY DEED
(continued)

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

STATUTORY WARRANTY DEED
(continued)

IN WITNESS WHEREOF, the undersigned have executed this document on the date(s) set forth below.

Dated: 02-28-24

Jay Sehgal
Jay Sehgal

Satish M. Puri

State of California
County of Orange

This instrument was acknowledged before me on February 28, 2024 by Jay Sehgal.

Josh Stittsworth
Notary Public - State of California



My Commission Expires: 7-14-2025

State of _____
County of _____

This instrument was acknowledged before me on _____ by Satish M. Puri.

Notary Public - State of _____

My Commission Expires: _____

STATUTORY WARRANTY DEED
(continued)

IN WITNESS WHEREOF, the undersigned have executed this document on the date(s) set forth below.

Dated: 2/27/24

Jay Sehgal

Satish M. Puri

Satish M. Puri

State of _____
County of _____

This instrument was acknowledged before me on _____ by Jay Sehgal.

Notary Public - State of _____

My Commission Expires: _____

State of OR
County of Deschutes

This instrument was acknowledged before me on 2/27/24 by Satish M. Puri.

B Coombe

Notary Public - State of OR

My Commission Expires: 3.10.25

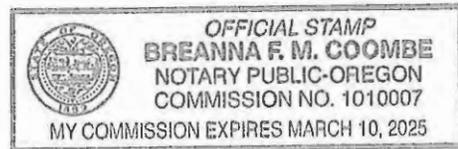


EXHIBIT "A"
Legal Description

A portion of lands described as Tract D in Deed Microfilm 2023-1378, Jefferson County Official Records, located in the Southwest One-Quarter of the Northeast One-Quarter of Section 1, Township 11 South, Range 13 East, Willamette Meridian, City of Madras, Jefferson County, Oregon, being more particularly described as follows:

BEGINNING at a 5/8" iron rod with a yellow plastic cap at the Northeast corner of Tract J of Sagebrook Estates, Phase 1 and the Northwest corner of said lands described as Tract D in Deed Microfilm 2023-1378; Thence along the Easterly line of said Sagebrook Estates, Phase 1 and the Northerly line of said lands described as Tract D in Deed Microfilm 2023-1378 the following courses: North 89°57'54" East 266.22 feet; South 0°02'06" East 11.38 feet; North 89°57'54" East 143.72 feet; North 18°08'08" East 240.49 feet; Thence leaving said Easterly line of Sagebrook Estates, Phase 1 and continuing along said Northerly line of lands described as Tract D in Deed Microfilm 2023-1378 South 71°51'52" East 224.23 feet; Thence leaving said Northerly line of lands described as Tract D in Deed Microfilm 2023-1378 South 0°02'06" East 146.82 feet; Thence South 89°57'54" West 96.65 feet; Thence South 82°36'12" West 56.70 feet; Thence South 0°02'06" East 657.50 feet; Thence South 89°57'54" West 368.63 feet to the Easterly line of said Tract J and the Westerly line of said lands described as Tract D in Deed Microfilm 2023-1378; Thence along said Easterly line of Tract J and said Westerly line of lands described as Tract D in Deed Microfilm 2023-1378 the following courses: Thence North 0°02'06" West 30.00 feet; Thence on a curve to the left with a radius of 180.00 feet, a length of 50.78 feet, a central angle of 16°09'51", and a chord that bears North 8°07'01" West 50.61 feet; Thence North 16°11'57" West 608.31 feet to the POINT OF BEGINNING.

EXHIBIT "B"
Exceptions

Subject to:

1. The property lies within the boundaries of Deschutes Valley Water District and is subject to any charges or assessments levied by said District, and pipeline easements in connection therewith.
2. Regulations of North Unit Irrigation District, within which the above property lies, including levies, assessments, water and irrigation rights and easements for ditches and canals.
3. Rights of the public to any portion of the Land lying within the area commonly known as roads and highways.
4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Power & Light Company, a corporation
Recording Date: December 20, 1974
Recording No: 53-93 (113200)

5. Ordinance No. 552, including the terms and provisions thereof,

Recording Date: October 9, 1996
Recording No.: 964324

6. Right of Way Contract, including the terms and provisions thereof,

Recording Date: September 30, 1997
Recording No.: 974022

7. Ordinance No. 935, including to the terms and provisions thereof,

Recording Date: December 18, 2019
Recording No.: 2019-4571

ALTA OWNER'S POLICY OF TITLE INSURANCE

Issued by:



Fidelity National Title
Insurance Company

Policy Number:

WT0250317

This policy, when issued by the Company with a Policy Number and the Date of Policy, is valid even if this policy or any endorsement to this policy is issued electronically or lacks any signature.

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Condition 17.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, Fidelity National Title Insurance Company, a Florida corporation (the "Company") insures, as of the Date of Policy and, to the extent stated in Covered Risks 9 and 10, after the Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. The Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. Covered Risk 2 includes, but is not limited to, insurance against loss from:
 - a. a defect in the Title caused by:
 - i. forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - ii. the failure of a person or Entity to have authorized a transfer or conveyance;
 - iii. a document affecting the Title not properly authorized, created, executed, witnessed, sealed, acknowledged, notarized (including by remote online notarization), or delivered;
 - iv. a failure to perform those acts necessary to create a document by electronic means authorized by law;
 - v. a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - vi. a document not properly filed, recorded, or indexed in the Public Records, including the failure to have performed those acts by electronic means authorized by law;
 - vii. a defective judicial or administrative proceeding; or
 - viii. the repudiation of an electronic signature by a person that executed a document because the electronic signature on the document was not valid under applicable electronic transactions law.
 - b. the lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - c. the effect on the Title of an encumbrance, violation, variation, adverse circumstance, boundary line overlap, or encroachment (including an encroachment of an improvement across the boundary lines of the Land), but only if the encumbrance, violation, variation, adverse circumstance, boundary line overlap, or encroachment would have been disclosed by an accurate and complete land title survey of the Land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. A violation or enforcement of a law, ordinance, permit, or governmental regulation (including those relating to building and zoning), but only to the extent of the violation or enforcement described by the enforcing governmental authority in an Enforcement Notice that identifies a restriction, regulation, or prohibition relating to:
 - a. the occupancy, use, or enjoyment of the Land;
 - b. the character, dimensions, or location of an improvement on the Land;
 - c. the subdivision of the Land; or
 - d. environmental remediation or protection on the Land.

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ALTA Owner's Policy (07/01/2021)
Printed: 03/22/25 @ 02:44 PM

OTRO No. PO-01
CR-FT-#FND-02785-470065-SP8-21512-1-21-WT0250317



ATTACHMENT A

- 6. An enforcement of a governmental forfeiture, police, regulatory, or national security power, but only to the extent of the enforcement described by the enforcing governmental authority in an Enforcement Notice.
- 7. An exercise of the power of eminent domain, but only to the extent:
 - a. of the exercise described in an Enforcement Notice; or
 - b. the taking occurred and is binding on a purchaser for value without Knowledge.
- 8. An enforcement of a PACA-PSA Trust, but only to the extent of the enforcement described in an Enforcement Notice.
- 9. The Title being vested other than as stated in Schedule A, the Title being defective, or the effect of a court order providing an alternative remedy:
 - a. resulting from the avoidance, in whole or in part, of any transfer of all or any part of the Title to the Land or any interest in the Land occurring prior to the transaction vesting the Title because that prior transfer constituted a:
 - i. fraudulent conveyance, fraudulent transfer, or preferential transfer under federal bankruptcy, state insolvency, or similar state or federal creditors' rights law; or
 - ii. voidable transfer under the Uniform Voidable Transactions Act; or
 - b. because the instrument vesting the Title constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar state or federal creditors' rights law by reason of the failure:
 - i. to timely record the instrument vesting the Title in the Public Records after execution and delivery of the instrument to the Insured; or
 - ii. of the recording of the instrument vesting the Title in the Public Records to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
- 10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to the Date of Policy and prior to the recording of the deed or other instrument vesting the Title in the Public Records.

DEFENSE OF COVERED CLAIMS

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

Issuing Office or Agent:
Western Title & Escrow Company
60 SE 6th Street
Madras, OR 97741
(541)460-5107 FAX (541)460-5019

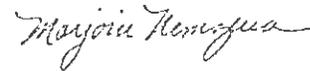
Fidelity National Title Insurance Company

By:



Michael J. Nolan, President

Attest:



Marjorie Nemzura, Secretary

Countersigned By:



Alan Burton, President
Authorized Officer or Agent

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EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.

Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.

2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
6. Any lien on the Title for real estate taxes or assessments, imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

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Transaction Identification Data, for which the Company assumes no liability as set forth in Condition 9.d.:

Property Address: Loucks Road Parcel 892, Madras, OR 97741

SCHEDULE A

Name and Address of Title Insurance Company: Fidelity National Title Insurance Company
 c/o Chuck E. Nichols
 Western Title & Escrow Company
 60 SE 6th Street
 Madras, OR 97741

Policy Number: WT0250317

Date of Policy	Amount of Insurance	Premium
May 16, 2023 at 03:30 PM	\$759,411.00	\$1,740.00

1. The Insured is:
 Wood Hill Homes, Inc.
2. The estate or interest in the Land insured by this policy is:
 Fee Simple
3. The Title is vested in:
 Wood Hill Homes, Inc.
4. The Land is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

END OF SCHEDULE A

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**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims, which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, which are not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the Land onto adjoining land or of existing improvements located on adjoining land onto the subject Land), encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the subject Land.
5. Any lien or right to a lien for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

SPECIFIC ITEMS AND EXCEPTIONS:

6. The property lies within the boundaries of Deschutes Valley Water District and is subject to any charges or assessments levied by said District, and pipeline easements in connection therewith.
7. Regulations of North Unit Irrigation District, within which the above property lies, including levies, assessments, water and irrigation rights and easements for ditches and canals.
8. Rights of the public to any portion of the Land lying within the area commonly known as roads and highways.
9. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Power & Light Company, a corporation
 Recording Date: December 20, 1974
 Recording No: 53-93 (113200)

10. Ordinance No. 552, including the terms and provisions thereof,

Recording Date: October 9, 1996
 Recording No.: 964324

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SCHEDULE B
EXCEPTIONS FROM COVERAGE
(continued)

11. Right of Way Contract, including the terms and provisions thereof,

Recording Date: September 30, 1997
Recording No.: 974022

12. Ordinance No. 935, including to the terms and provisions thereof,

Recording Date: December 18, 2019
Recording No.: 2019-4571

END OF SCHEDULE B

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EXHIBIT "A"
LEGAL DESCRIPTION

A parcel of land located in the Southwest One-Quarter of the Northeast One-Quarter of Section 1, Township 11 South, Range 13 East, Willamette Meridian, City of Madras, Jefferson County, Oregon, being more particularly described as follows:

BEGINNING at the Southwest corner of said Southwest One-Quarter of the Northeast One-Quarter of Section 1; thence along the West line of said Southwest One-Quarter of the Northeast One-Quarter of Section 1 North 00°01'36" East 825.04 feet; thence North 89°57'54" East 120.49 feet; thence South 74°44'34" East 57.02 feet; thence North 89°57'54" East 298.64 feet; thence South 13°45'37" East 606.34 feet; thence along a curve to the right with a radius of 120.00, a length of 28.75, a delta angle of 13°43'31", and a chord bearing South 6°53'51" East, 28.68 feet; thence South 00°02'06" East 30.00 feet; thence North 89°57'54" East 59.97 feet; thence South 0°02'06" East 167.85 feet to the South line of said Southwest One-Quarter of the Northeast One-Quarter of Section 1 and the Northwest corner of Tract A of Morning Crest Estates Phase 4; thence along said South line of the Southwest One-Quarter of the Northeast One-Quarter of Section 1, the North line of said Morning Crest Estates Phase 4, and the North line of Morning Crest Estates Phase 2 North 89°35'10" West 682.30 feet to the POINT OF BEGINNING.

TOGETHER WITH a parcel of land BEGINNING at the Southwest corner of Parcel 2 of Minor Partition MP82-14; thence along the South line of said Parcel 2 South 71°51'52" East 107.58 feet; thence South 18°08'08" West 240.50 feet; thence South 89°57'54" West 143.72 feet; thence North 0°02'06" West 11.38 feet; thence South 89°57'54" West 207.78 feet; thence North 76°14'23" East 79.10 feet; thence North 85°04'41" East 110.54 feet; thence North 70°32'52" East 56.82 feet; thence North 4°55'19" West 37.36 feet; thence North 18°12'24" East 56.06 feet; thence North 7°38'48" East 119.34 feet to the South line of Parcel 1 of said Minor Partition MP-82-14; thence along said South line of Parcel 1 South 84°33'17" East 53.65 feet to the POINT OF BEGINNING.

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CONDITIONS

1. DEFINITION OF TERMS

In this policy, the following terms have the meanings given to them below. Any defined term includes both the singular and the plural, as the context requires:

- a. "Affiliate": An Entity:
 - i. that is wholly owned by the Insured;
 - ii. that wholly owns the Insured; or
 - iii. if that Entity and the Insured are both wholly owned by the same person or entity.
- b. "Amount of Insurance": The Amount of Insurance stated in Schedule A, as may be increased by Condition 8.d. or decreased by Condition 10 or 11; or increased or decreased by endorsements to this policy.
- c. "Date of Policy": The Date of Policy stated in Schedule A.
- d. "Discriminatory Covenant": Any covenant, condition, restriction, or limitation that is unenforceable under applicable law because it illegally discriminates against a class of individuals based on personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or other legally protected class.
- e. "Enforcement Notice": A document recorded in the Public Records that describes any part of the Land and:
 - i. is issued by a governmental agency that identifies a violation or enforcement of a law, ordinance, permit, or governmental regulation;
 - ii. is issued by a holder of the power of eminent domain or a governmental agency that identifies the exercise of a governmental power; or
 - iii. asserts a right to enforce a PACA-PSA Trust.
- f. "Entity": A corporation, partnership, trust, limited liability company, or other entity authorized by law to own title to real property in the State where the Land is located.
- g. "Insured":
 - i.
 - (a). The Insured named in Item 1 of Schedule A;
 - (b). the successor to the Title of an Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (c). the successor to the Title of an Insured resulting from dissolution, merger, consolidation, distribution, or reorganization;
 - (d). the successor to the Title of an Insured resulting from its conversion to another kind of Entity; or
 - (e). the grantee of an Insured under a deed or other instrument transferring the Title, if the grantee is:
 - (1). an Affiliate;
 - (2). a trustee or beneficiary of a trust created by a written instrument established for estate planning purposes by an Insured;
 - (3). a spouse who receives the Title because of a dissolution of marriage;
 - (4). a transferee by a transfer effective on the death of an Insured as authorized by law; or
 - (5). another Insured named in Item 1 of Schedule A.
 - ii. The Company reserves all rights and defenses as to any successor or grantee that the Company would have had against any predecessor Insured.
- h. "Insured Claimant": An Insured claiming loss or damage arising under this policy.
- i. "Knowledge" or "Known": Actual knowledge or actual notice, but not constructive notice imparted by the Public Records.
- j. "Land": The land described in Item 4 of Schedule A and improvements located on that land at the Date of Policy that by State law constitute real property. The term "Land" does not include any property beyond that described in Schedule A, nor any right, title, interest, estate, or easement in any abutting street, road, avenue, alley, lane, right-of-way, body of water, or waterway, but does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- k. "Mortgage": A mortgage, deed of trust, trust deed, security deed, or other real property security instrument, including one evidenced by electronic means authorized by law.
- l. "PACA-PSA Trust": A trust under the federal Perishable Agricultural Commodities Act or the federal Packers and Stockyards Act or a similar State or federal law.
- m. "Public Records": The recording or filing system established under State statutes in effect at the Date of Policy under which a document must be recorded or filed to impart constructive notice of matters relating to the Title to a purchaser for value without Knowledge. The term "Public Records" does not include any other recording or filing system, including any pertaining to environmental remediation or protection, planning, permitting, zoning, licensing, building, health, public safety, or national security matters.
- n. "State": The state or commonwealth of the United States within whose exterior boundaries the Land is located. The term "State" also includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and Guam.
- o. "Title": The estate or interest in the Land identified in Item 2 of Schedule A.
- p. "Unmarketable Title": The Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or a lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF COVERAGE

This policy continues as of the Date of Policy in favor of an Insured, so long as the Insured:

- a. retains an estate or interest in the Land;
- b. owns an obligation secured by a purchase money Mortgage given by a purchaser from the Insured; or
- c. has liability for warranties given by the Insured in any transfer or conveyance of the Insured's Title.

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(continued)

Except as provided in Condition 2, this policy terminates and ceases to have any further force or effect after the Insured conveys the Title. This policy does not continue in force or effect in favor of any person or entity that is not the Insured and acquires the Title or an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured must notify the Company promptly in writing if the Insured has Knowledge of:

- a. any litigation or other matter for which the Company may be liable under this policy; or
- b. any rejection of the Title as Unmarketable Title.

If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under this policy is reduced to the extent of the prejudice.

4. PROOF OF LOSS

The Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, adverse claim, or other matter insured against by this policy that constitutes the basis of loss or damage and must state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- a. Upon written request by the Insured and subject to the options contained in Condition 7, the Company, at its own cost and without unreasonable delay, will provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company has the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those covered causes of action. The Company is not liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of any cause of action that alleges matters not insured against by this policy.
- b. The Company has the right, in addition to the options contained in Condition 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that, in its opinion, may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it is liable to the Insured. The Company's exercise of these rights is not an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under Condition 5.b., it must do so diligently.
- c. When the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court having jurisdiction. The Company reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- a. When this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured will secure to the Company the right to prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose.

When requested by the Company, the Insured, at the Company's expense, must give the Company all reasonable aid in:

- i. securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement; and
- ii. any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter, as insured.

If the Company is prejudiced by any failure of the Insured to furnish the required cooperation, the Company's liability and obligations to the Insured under this policy terminate, including any obligation to defend, prosecute, or continue any litigation, regarding the matter requiring such cooperation.

- b. The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos, whether bearing a date before or after the Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant must grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all the records in the custody or control of a third party that reasonably pertain to the loss or damage. No information designated in writing as confidential by the Insured Claimant provided to the Company pursuant to Condition 6 will be later disclosed to others unless, in the reasonable judgment of the Company, disclosure is necessary in the administration of the claim or required by law. Any failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in Condition 6.b., unless prohibited by law, terminates any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company has the following additional options:

- a. *To Pay or Tender Payment of the Amount of Insurance*

To pay or tender payment of the Amount of Insurance under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option provided for in Condition 7.a., the Company's liability and obligations to the Insured under this policy terminate, including any obligation to defend, prosecute, or continue any litigation.

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Western Title & Escrow Company
 153 SW 5th Street
 Redmond, OR 97756
 Phone: (541)548-2911 | FAX: (541)548-8601

Incoming Wire/Direct Deposit Confirmation

Brand Western Title & Escrow Company	Profit Center WTE-0061	Order Number WT0209869-JY	Trust Acct. Date 02/09/21	Reference Number 999050122
Trust Acct. Code ORWTEWF2951	Bank Name Wells Fargo Bank N.A.			

Ledger ID: WT0209869
 Buyer/Borrower: Wood Hill Homes, Inc.
 Seller: Jack & Cheryl Ickler Joint Trust
 Property Address: No Situs Address, Culver, OR 97734

Transaction Date: 02/09/21 **Amount: \$50,000.00**
 Received From: Woodhill Homes
 Memo: Cash from Buyer
 Original User ID: FNFGLOBAL\svc-wrsintgr-sps
 Type of Funds Received: Wire

Wire Transfer Destination

Trust Account Code: ORWTEWF2951
 Trust Account Bank Name: Wells Fargo Bank N.A.

Wire Transfer Source

Contact:
 Comments:
 Bank Name:
 ABA Routing Number:
 Bank Sequence Number: 210209176718
 Federal Reference Number: 0209MMQFMPRN004752

Received Wire/Direct Deposit Confirmation:

Date: 2/9/2021 By: Mackenzie Sutfin

The parties to this escrow acknowledge that the maintenance of escrow accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with bank services, accommodations or other benefits by the depository institution. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations and other benefits shall accrue to Escrow Holder or its affiliates, and Escrow Holder or its affiliates shall have no obligation to account to the parties to the escrow for the value of such services, accommodations or other benefits.

NOTICE OF OPPORTUNITY TO EARN INTEREST

You have the opportunity to earn interest on your escrowed funds as follows:

1. Request your escrow agent set up an interest bearing account.
2. The charge to set up and service the interest bearing account is \$_____.
3. As an example, the amount of interest you can earn on a deposit of \$1,000.00 for a thirty day period at an interest of 4% is \$3.33. Interest earned is dependent on the amount of the deposit, length of time of the deposit and the prevailing interest rate.
4. To establish an interest bearing account, ask for an "Escrow Instruction - Interest Bearing Account", complete the form and return it to your escrow officer.

File Copy

ATTACHMENT A



360 SW Bond, Suite 100
Bend, OR 97702
Phone: (541)389-5751 / Fax: (541)330-1242

Wood Hill Homes Inc
70 SW Century Dr # 100240
Bend OR 97702-3557

Date: May 16, 2022
Order No.: WT0223620-TF
Property: No site address
Madras, OR 97741

Wood Hill Homes, Inc.

Thank you for choosing Western Title & Escrow Company to provide your title insurance. Attached, please find the following:

Owners Policy

Thank you for allowing us the opportunity to provide for your title and escrow needs. Please let us know if there is anything more we can do.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Tyler Friesen
Title Examiner
titleofficersupport@westerntitle.com

OWNER'S POLICY OF TITLE INSURANCE

Issued By:

Policy Number:

**Fidelity National Title**
Insurance Company**WT0223620**

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a Florida corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protection

if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

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- 6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
- 7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
- 8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
- 9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
- 10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

Issuing Office or Agent:
Western Title & Escrow Company
 360 SW Bond, Suite 100
 Bend, OR 97702
 (541)389-5751 FAX (541)330-1242

Fidelity National Title Insurance Company

By:

Michael J. Nolan, President

Attest:

Marjorie Nemzura, Secretary



Countersigned By:

Alan Burton, President
Authorized Officer or Agent

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EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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SCHEDULE A

Name and Address of Title Insurance Company: Fidelity National Title Insurance Company
c/o Tyler Friesen
Western Title & Escrow Company
360 SW Bond, Suite 100
Bend, OR 97702

Address Reference: No site address, Madras, OR 97741

Date of Policy	Amount of Insurance	Premium
May 13, 2022 at 02:13 PM	\$500,000.00	\$1,350.00

1. Name of Insured:

Wood Hill Homes, Inc.

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. Title is vested in:

Wood Hill Homes, Inc.

4. The Land referred to in this policy is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

END OF SCHEDULE A

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**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses that arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims, which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, which are not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the Land onto adjoining land or of existing improvements located on adjoining land onto the subject Land), encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the subject Land.
5. Any lien or right to a lien for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

SPECIFIC ITEMS AND EXCEPTIONS:

6. The property lies within the boundaries of Deschutes Valley Water District and is subject to any charges or assessments levied by said District, and pipeline easements in connection therewith.
7. Regulations of North Unit Irrigation District, within which the above property lies, including levies, assessments, water and irrigation rights and easements for ditches and canals.
8. Rights of the public to any portion of the Land lying within the area commonly known as roads and highways.
9. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Power & Light Company, a corporation
Recording Date: December 20, 1974
Recording No: 53-93, 113200

10. Ordinance No. 552, including the terms and provisions thereof,

Recording Date: October 9, 1996
Recording No.: 964324

11. Right of Way Contract, including the terms and provisions thereof,

Recording Date: September 30, 1997
Recording No.: 974022

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SCHEDULE B
EXCEPTIONS FROM COVERAGE
(continued)

12. Ordinance No. 935, including to the terms and provisions thereof,

Recording Date: December 18, 2019

Recording No.: 2019-4571

END OF SCHEDULE B

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EXHIBIT "A"
LEGAL DESCRIPTION

A parcel of land located in the Southwest One-Quarter of the Northeast One-Quarter of Section 1, Township 11 South, Range 13 East, Willamette Meridian, City of Madras, Jefferson County, Oregon, being more particularly described as follows:

Commencing at the Southwest corner of said Southwest One-Quarter of the Northeast One-Quarter of Section 1; thence along the West line of said Southwest One-Quarter of the Northeast One-Quarter of Section 1 North 00°01'36" East 825.04 feet to the **TRUE POINT OF BEGINNING**; thence continuing along said West line North 00°01'36" East 465.21 feet to the South right of way line of Northeast Loucks Road; then along said South right of way line South 89°28'44" East 489.64 feet; then South 38°30'47" East 230.40 feet; then South 84°33'17" East 201.68 feet; thence South 07°38'48" West 119.34 feet; thence South 18°12'24" West 56.06 feet; thence South 04°55'19" East 37.36 feet; thence South 70°32'52" West 56.82 feet; thence South 85°04'41" West 110.54 feet; thence South 76°14'23" West 110.54 feet; thence South 13°45'37" East 433.92 feet; thence North 76°14'23" East 128.27 feet; thence along a curve to the right with a radius of 122.50, a length of 29.34, a delta angle of 13°43'31", and a chord bearing North 83°06'09" East, 29.27 feet; thence North 89°57'54" East 35.57 feet; thence South 00°02'06" East 122.50 feet; thence North 89°57'54" East 10.00 feet; thence South 00°02'06" East 122.50 feet; thence South 89°57'54" West 9.47 feet; thence along a curve to the left with a radius of 177.50, a length of 42.52, a delta angle of 13°43'31", and a chord bearing South 83°06'09" West, 42.42 feet; thence South 76°14'23" West 91.83 feet; thence along a curve to the right with a radius of 22.50, a length of 5.39, a delta angle of 13°43'31", and a chord bearing South 83°06'09" West, 5.38 feet; thence South 89°57'54" West 67.47 feet; thence North 00°02'06" West 30.00 feet; thence along a curve to the left with a radius of 120.00, a length of 28.75, a delta angle of 13°43'31", and a chord bearing North 6°53'51" West, 28.68 feet; thence North 13°45'37" West 606.34 feet; thence South 89°57'54" West 298.64 feet; thence North 74°44'34" West 57.02 feet; thence South 89°57'54" West 120.49 feet to the **POINT OF BEGINNING**.

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CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": "Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

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(continued)

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

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(continued)

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by Ten percent (10%), and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within thirty (30) days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. INTENTIONALLY DELETED**15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

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(continued)

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Fidelity National Title Insurance Company
P.O. Box 45023
Jacksonville, FL 32232-5023
Attn: Claims Department

END OF CONDITIONS

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(continued)

13. COMPANY'S RECOVERY AND SUBROGATION RIGHTS UPON SETTLEMENT AND PAYMENT

- a. If the Company settles and pays a claim under this policy, it is subrogated and entitled to the rights and remedies of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person, entity, or property to the fullest extent permitted by law, but limited to the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant must execute documents to transfer these rights and remedies to the Company. The Insured Claimant permits the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.
- b. If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company defers the exercise of its subrogation right until after the Insured Claimant fully recovers its loss.
- c. The Company's subrogation right includes the Insured's rights to indemnity, guaranty, warranty, insurance policy, or bond, despite any provision in those instruments that addresses recovery or subrogation rights.

14. POLICY ENTIRE CONTRACT

- a. This policy together with all endorsements, if any, issued by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy will be construed as a whole. This policy and any endorsement to this policy may be evidenced by electronic means authorized by law.
- b. Any amendment of this policy must be by a written endorsement issued by the Company. To the extent any term or provision of an endorsement is inconsistent with any term or provision of this policy, the term or provision of the endorsement controls. Unless the endorsement expressly states, it does not:
 - i. modify any prior endorsement,
 - ii. extend the Date of Policy,
 - iii. insure against loss or damage exceeding the Amount of Insurance, or
 - iv. increase the Amount of Insurance.

15. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, this policy will be deemed not to include that provision or the part held to be invalid, but all other provisions will remain in full force and effect.

16. CHOICE OF LAW AND CHOICE OF FORUM**a. Choice of Law**

The Company has underwritten the risks covered by this policy and determined the premium charged in reliance upon the State law affecting interests in real property and the State law applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the State where the Land is located.

The State law of the State where the Land is located, or to the extent it controls, federal law, will determine the validity of claims against the Title and the interpretation and enforcement of the terms of this policy, without regard to conflicts of law principles to determine the applicable law.

b. Choice of Forum

Any litigation or other proceeding brought by the Insured against the Company must be filed only in a State or federal court having jurisdiction.

17. NOTICES

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Fidelity National Title Insurance Company
P.O. Box 45023
Jacksonville, FL 32232-5023
Attn: Claims Department

18. CLASS ACTION

ALL CLAIMS AND DISPUTES ARISING OUT OF OR RELATING TO THIS POLICY, INCLUDING ANY SERVICE OR OTHER MATTER IN CONNECTION WITH ISSUING THIS POLICY, ANY BREACH OF A POLICY PROVISION, OR ANY OTHER CLAIM OR DISPUTE ARISING OUT OF OR RELATING TO THE TRANSACTION GIVING RISE TO THIS POLICY, MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY. NO PARTY MAY SERVE AS PLAINTIFF, CLASS MEMBER, OR PARTICIPANT IN ANY CLASS, REPRESENTATIVE, OR PRIVATE ATTORNEY GENERAL PROCEEDING.

END OF CONDITIONS

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ENDORSEMENT

issued by:

This endorsement is issued as part of
Policy Number:



Fidelity National Title
Insurance Company

WT0250317

Date: May 16, 2023

Premium: \$0.00

The Policy is hereby amended as follows:

The term "spouse" as used in the policy includes a domestic partner as defined by ORS 106.300 thru 106.340.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Order Reference: Wood Hill Homes, Inc.

Fidelity National Title Insurance Company

Countersigned By:

Authorized Officer or Agent
Alan Burton, President

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give Form to the
requester. Do not
send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Wood Hill Homes Inc.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

Individual/sole proprietor or single-member LLC

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Other (see instructions) ▶ _____

C Corporation

S Corporation

Partnership

Trust/estate

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3).

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

5 Address (number, street, and apt. or suite no.) See instructions.
70 SW Century Dr Ste #100-240

6 City, state, and ZIP code
Bend, OR 97702

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

				-						
--	--	--	--	---	--	--	--	--	--	--

OR

Employer identification number

2	0	-	8	8	1	5	3	6	2
---	---	---	---	---	---	---	---	---	---

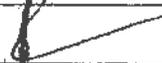
Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here

Signature of U.S. person ▶ 

Date ▶ **2/23/21**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

WOOD HILL HOMES INC
Reg: CC:WOODHHH786ER
UBI: 604-917-5328

Registered as provided by Law as:
Construction Contractor
(CCO) - GENERAL

Effective Date: 9/16/2022
Expiration Date: 9/16/2024

Department of Labor and Industries
PO Box 44450
Olympia, WA 98504-4450

WOOD HILL HOMES INC
70 SW CENTURY DR #100-240
BEND OR 97702



Licensing Programs
City of Bend
P.O. Box 431
Bend, OR 97709

WOODHILL HOMES INC.
Calyssa Harris
70 SW CENTURY DR #100-240
BEND, OR 97702

BUSINESS REGISTRATION

Issuance of a business registration does not excuse a business from compliance with applicable federal, state, and municipal laws and regulations.

POST IN A CONSPICUOUS LOCATION.

License Number: LCBR21-9075
Date Issued: January 02, 2024
Expiration Date: February 01, 2025
Business Operations: 236115 - General Contractors

Calyssa Harris
WOODHILL HOMES INC.
547 SW 13TH ST, BEND, OR 97702

Issued By:

A handwritten signature in black ink that reads "Robyn Christie".

Robyn Christie, City Recorder

OREGON SECRETARY OF STATE
Corporation Division

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Business Entity Data

04-05-2024

08:51

Business ID#	Entity Type	Entity Status	Jurisdiction	Registry Date	Year Formed/Date	Government Owned
1250937-99	FLLC	INA	DELAWARE	09-19-2016		
Entity Name	WOODHILL HOMES LENDING FUND LLC					
Federal Name						

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Associated Names

Type	PPB	PRINCIPAL PLACE OF BUSINESS		
Addr 1	9700 SW CAPITOL HWY STE 100			
Addr 2				
City	PORTLAND	OR	97219	Country UNITED STATES OF AMERICA

Please click [here](#) for general information about registered agents and service of process.

Type	AGT REGISTERED AGENT	Start Date	09-19-2018	Expiration Date
Name	WALLACE A GLAUSI			
Addr 1	GORDON REES SCULLY MANSUKHANI			
Addr 2	121 SW MORRISON ST STE 1575			
City	PORTLAND	OR	97204	Country UNITED STATES OF AMERICA

Type	MAL MAILING ADDRESS			
Addr 1	GORDON REES SCULLY MANSUKHANI			
Addr 2	121 SW MORRISON ST STE 1575			
City	PORTLAND	OR	97204	Country UNITED STATES OF AMERICA

Type	MGR MANAGER			Effective Date
Name	GEORGE HALE			
Addr 1	9700 SW CAPITOL HWY			
Addr 2	SUITE 100			
City	PORTLAND	OR	97219	Country UNITED STATES OF AMERICA

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Name History

Business Entity Name	<u>Name</u>	<u>Name</u>	ATTACHMENT A	
	<u>Type</u>	<u>Status</u>	Start Date	End Date
WOODHILL HOMES LENDING FUND LLC	EN	CUR	09-19-2016	

Please read before ordering Copies.

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[Summary History](#)

Image Available	Action	Transaction Date	Effective Date	Status	Name/Agent Change	Dissolved By
	WITHDRAWAL OF AUTHORITY	08-12-2019		FI		
	AMNDMT TO ANNUAL RPT/INFO STATEMENT	09-19-2018		FI	Agent	
	AMENDED ANNUAL REPORT	08-22-2018		FI	Agent	
	AGENT RESIGNATION	08-20-2018		FI	Agent	
	AMENDED ANNUAL REPORT	09-05-2017		FI		
	APPLICATION FOR AUTHORITY	09-19-2016		FI	Agent	

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PROPOSAL

Rickabaugh Construction
PO Box 1195 Redmond, OR 97756
541-527-0817

Chad@rickabaughconstruction.com

CCB 210496

06/01/2022

Engineer: H.A. McCoy

Plans: Unapproved plans dated 05/02/2022

QUOTE Mr. George Hale
TO Woodhill Homes
70 SW Century Dr Suite 100-240
Bend, OR 97702

JOB	LOCATION	BID DATE
5590 -Sagebrooke Estates Preliminary Budget	Madras, OR	06/01/2022

ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE
General Conditions					
1000	Mobilization	1.000	LS	\$41,500.00	\$41,500.00
1020	Traffic Control	1.000	LS	\$26,677.00	\$26,677.00
Total General Conditions					\$68,177.00
Clearing & Demo					
1110	Demo	1.000	LS	\$47,300.00	\$47,300.00
Total Clearing & Demo					\$47,300.00
TESC					
2000	Construction Entrance	2.000	EA	\$2,714.00	\$5,428.00
2010	Silt Fence	5,200.000	LF	\$ 3.15	\$16,380.00
2030	Dust Control	1.000	LS	\$159,650.00	\$159,650.00
2040	Catch Basin Protection	19.000	EA	\$ 82.00	\$1,558.00
Total Erosion Control					\$183,016.00
Mass Grading					
3000	Strip To Stockpile	18,665.000	CY	\$ 4.30	\$80,259.50
3010	Screen Strippings	18,665.000	CY	\$ 5.65	\$105,457.25
3060	General Excavation	65,910.000	CY	\$ 12.75	\$840,352.50
3070	Fine Grade Common Space Area	131,565.000	SF	\$ 0.20	\$26,313.00
3090	Lot Grading	188.000	EA	\$ 555.00	\$104,340.00
Total Mass Grading					\$1,156,722.25

ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE
Road Construction					
4010	Subgrade Prep	41,735.000	SY	\$ 1.85	\$77,209.75
4030	Aggregate Base 6"	22,471.000	SY	\$ 12.00	\$269,652.00
4040	Aggregate Base 8"	9,437.000	SY	\$ 15.20	\$143,442.40
4050	Aggregate Base 10"	9,827.000	SY	\$ 18.60	\$182,782.20
4060	HMAC 2" (Grind & Overlay)	34.000	SY	\$ 27.00	\$ 918.00
4080	HMAC 4"	35,511.000	SY	\$ 28.20	\$1,001,410.20
4200	24" Standard Curb & Gutter	17,622.000	LF	\$ 24.50	\$431,739.00
4205	Mountable Curb	1,050.000	LF	\$ 24.75	\$25,987.50
4210	ADA Ramps	84.000	EA	\$1,695.00	\$142,380.00
4240	Fine Grade Concrete Subgrade	99,470.000	SF	\$ 0.50	\$49,735.00
4250	Sidewalk-4"	98,900.000	SF	\$ 9.30	\$919,770.00
4260	Driveways - 6"	570.000	SF	\$ 15.25	\$8,692.50
4290	Stop Signs/Street Signs	12.000	EA	\$ 950.00	\$11,400.00
Total Road Construction					\$3,265,118.55
Sanitary Sewer					
5000	Connect to Existing	1.000	LS	\$5,506.00	\$5,506.00
5030	8" PVC SDR-35 Sewer	3,600.000	LF	\$ 122.00	\$439,200.00
5050	4" PVC SDR-35 Side Sewers	113.000	EA	\$2,800.00	\$316,400.00
5070	48" Standard MH	19.000	EA	\$5,930.00	\$112,670.00
5090	Testing	1.000	LS	\$17,575.00	\$17,575.00
Total Sanitary Sewer					\$891,351.00
Storm					
6000	Standard Catch Basin	19.000	EA	\$2,120.00	\$40,280.00
6010	Sedimentation MH	11.000	EA	\$5,520.00	\$60,720.00
6020	Dry Wells	11.000	EA	\$17,256.00	\$189,816.00
6060	12" Storm	510.000	LF	\$ 75.00	\$38,250.00
6110	Testing	1.000	LS	\$3,851.20	\$3,851.20
Total Storm					\$332,917.20
Water					
7000	Hot Tap Existing Water Main	2.000	EA	\$ 550.00	\$1,100.00
7020	Connect to Existing	4.000	EA	\$ 274.00	\$1,096.00
7070	8" C-900 Water Main	6,350.000	LF	\$ 84.00	\$533,400.00
7080	8" Gate Valves	34.000	EA	\$1,775.00	\$60,350.00
7140	1" Water Services	161.000	EA	\$1,800.00	\$289,800.00
7160	2" Irrigation Service	1.000	EA	\$3,143.00	\$3,143.00
7170	Fire Hydrant w/Gate Valve	10.000	EA	\$8,705.00	\$87,050.00
7180	1" Air Relief	4.000	EA	\$3,133.00	\$12,532.00
7190	2" Blow Off	4.000	EA	\$1,230.00	\$4,920.00
7220	Testing	1.000	LS	\$15,500.00	\$15,500.00
Total Water					\$1,008,891.00

ATTACHMENT A

ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE
Dry Utilities					
8000	Joint Trench	12,715.000	LF	\$ 47.00	\$597,605.00
8010	2" SCH 40 Conduit - Phone	14,280.000	LF	\$ 8.35	\$119,238.00
8020	4" SCH 40 Conduit - Phone	9,680.000	LF	\$ 23.10	\$223,608.00
8030	2" SCH 40 Conduit - Cable	23,860.000	LF	\$ 4.95	\$118,107.00
8040	3" SCH 40 Conduit - Power	20,680.000	LF	\$ 15.00	\$310,200.00
8050	4" SCH 40 Conduit - Power	6,040.000	LF	\$ 23.10	\$139,524.00
8080	Street Light Bases	38.000	EA	\$1,337.00	\$50,806.00
8100	575 Vault	6.000	EA	\$5,545.00	\$33,270.00
8110	644 Vault	32.000	EA	\$4,038.00	\$129,216.00
Total Dry Utilities					\$1,721,574.00
TOTAL:					\$8,675,067.00

Exclusions:

- No bond included
- No permits or fees
- No auto cad as-builts included
- No hazardous/contaminated waste excavation, testing, disposal, and or abatement included
- No unsuitable foundation materials excavation or replacement included
- No relocation of any existing above or below ground utilities
- No removal of any above or below ground petroleum, hazardous, wood, waste product, or storage tanks
- No powerpole/line removal, relocation or holding
- No landscaping (topsoil, irrigation, plants, etc.) included
- No finish striping included
- No cold weather concrete or soil protection included
- No water bypass system included
- No sanitary bypass system included
- No compaction testing included
- No survey included
- No electrical included
- No soil tackifier included
- No drilling and blasting included

NOTES:

- Price is for preliminary budget purposes only.
- Price based on a balanced site; all excavated materials being used onsite.
- Price based on no drilling and blasting required for any site excavation.
- Price based on testing all existing utilities, replacement of utilities that do not pass is not included in this preliminary Budget.
- Price based on Deschutes Valley Water District to perform all hot tap water tie-ins.
- Due to the changing cost of underground utility materials, cost may increase based on approved plans and material cost at time of project. Due to recent declarations by several resin manufacturers, products such as but not limited to PVC, DWV, and HDPE are currently very volatile. Price and availability will be determined at the time of shipment pending availability.
- Due to the changing cost of oil, asphalt and aggregate costs may increase based on oil prices at time of project.
- Due to the fluctuation of off-road diesel prices, additional fuel surcharge cost may be incurred.

Thank you for giving us the opportunity to provide you with this quote. Feel free to call with any questions.

Sincerely,

Chad de Sully



Hooker Creek Companies LLC

95 SW Scalehouse Loop. Bend, Oregon 97701
Phone (541) 389-6413 Fax (541) 318-8425

January 22, 2024

Woodhill Homes
70 SW Century Dr. Sute #100-240
Bend, OR 97702
Attn.:Graham Keller
gkeller@woodhillhomes.net

Dear Graham,

Thank you for contacting Hooker Creek Companies for pricing for the Sagebrooke Meadows Subdivision on Loucks in Madras. This pricing is for delivery with transfer trucks that haul 31-32 tons. *This price is good for 90 days depending on fuel cost fluctuations. Minimum of 2 loads per day for delivery from Madras Quarry.*

Material Pricing for Sagebrooke Meadows, Madras

¾-SS	\$21.46/Ton Delivered * (\$12.95/ton FOB 500 Ton Min./Day)
#2 Fill Material	\$15.76/Ton Delivered * (\$7.25/ton FOB 500 Ton Min./Day)

*These delivered prices include the current Fuel Surcharge. These prices are also based on trucks being on site no longer than 8 min. Further delays could result in standby charges at a rate of \$2.40 per min. *Must be room to transfer on site. Off-site transfer locations could result in higher delivered pricing*

Thank you for allowing Hooker Creek Companies to provide this pricing for you. If you have any further questions or have any other requests, please do not hesitate to call.

Sincerely,

Janna Steria
Hooker Creek Companies, LLC
Cell (541) 789-2021
Office (541) 389-6413

Madras - Sagebrook Projects				
Address	Lot #	Plan	Garage	Permit #
713 NE Mc	93	1450	GR	
701 NE Mc	94	1258	GL	
	95	1258	GR	
	96	1701	GL	
	97	1450	GR	
	98	1258	GL	
725 NE Mc	99	1258	GL	
724 NE Mc	100	1701	GL	
	101	1701	GR	
	102	1450	GR	
	103	1701	GL	
	104	1450	GR	
	105	1701	GL	
652 NE Mc	106	???		
767 NE 16t	107	1450A	GR	23-001389-DWL
	108	1701	GR	
	109	1450	GR	
	110	1450	GL	
	111	1701	GR	
	112	1450	GL	
	113	1701	GR	
763 NE Ric	114	???		
770 NE 16t	115	???		
601 NE Lou	116	1622	GL	451-23-001976-DWL
587 NE Lou	117	1659	GR	451-23-001978-DWL
573 NE Lou	118	1622	GL	451-23-001977-DWL
557 NE Lou	119	1659	GR	451-23-001979-DWL
769 NE Ric	120	1258	GR	
770 NE Ric	121	1450	GR	
766 NE Ric	122	1450	GL	
762 NE Ric	123	1701	GR	
	124	1258	GL	
	125	1450	GR	
750 NE Ric	126	1701	GR	
	181	1450	GR	
	182	1701	GL	
	185	1701	GR	
557 NE Mc	186	????		

Estimated slae cost per home- \$290,000-\$340,000

Jefferson County
 2023 Real Property Assessment Report
 Account 891

Map 111301-AC-00500
 Code - Tax ID 0018 - 891

Tax Status Assessable
 Account Status Active
 Subtype NORMAL

Legal Descr Lot and Metes & Bounds - See legal report for full description

Mailing WOOD HILL HOMES INC
 70 SW CENTURY DR #100-240
 BEND OR 97702-3557

Deed Reference # 2022-2086
 Sales Date/Price 05-12-2022 / \$500,000
 Appraiser

Property Class 190 MA SA NH
 RMV Class 190 01 05 001

Site	Situs Address	City
------	---------------	------

Value Summary						
Code Area		RMV	MAV	AV	RMV Exception	CPR %
0018	Land	1,038,090		Land	0	
	Impr	0		Impr	0	
Code Area Total		1,038,090	57,110	57,110	0	
Grand Total		1,038,090	57,110	57,110	0	

Land Breakdown									
Code Area	ID #	RFPD	Ex	Plan Zone	Value Source	Trend %	Size	Land Class	Trended RMV
0018	1	<input checked="" type="checkbox"/>		R3	Market	133	20.10 AC		1,038,090
Code Area Total							20.10 AC		1,038,090

Improvement Breakdown									
Code Area	Year Built	Stat Class	Description	Trend %	Total Sqft	Ex%	MS Acct	Trended RMV	

Appraisal Maint 2023-LOT LINE ADJUSTMENT - FROM, 2023-LOT LINE ADJUSTMENT - TO, 2023-LOT LINE ADJUSTMENT - FROM, 2024-NEW CONSTRUCTION - RESIDENTIAL (SINGLE FAMILY DWELLING), 2024-SUBDIVISION PLAT - FROM

**CITY OF MADRAS
COMMUNITY DEVELOPMENT DEPARTMENT
125 SW "E" Street Madras, OR, 97741
www.ci.madas.or.us | 541-475-2344**

**FINDINGS OF COMPLIANCE
MADRAS HOUSING URBAN RENEWAL DISTRICT
NEW DEVELOPMENT ASSISTANCE PROGRAM**

- APPLICANT:** James Campbell
Wood Hill Homes
547 SW 13th Street
Bend, OR, 97702
- REQUEST:** New Housing Development Assistance Program funding for Phase 1 (36 lots) of a 234 lot subdivision. **Applicant is requesting Receive 100% of incentive through equal** installment payments over the course of seven years for all 36 lots in Phase 1 plat.
- PROPERTY LOCATION:** The property is located south of Loucks Road and north of the **existing Morning Crest Estates neighborhood and is not addressed and is identified as tax lots 11-13-01-AC-500 and 600, Jefferson County.**
- ZONING:** Planned Residential Development (R-3).
- DEVELOPMENT TYPE:** Residential subdivision that includes 186 single family detached lots, 48 townhome lots, and 1 public park lot that will be developed in 4 phases.
- STAFF REVIEWER:** Nicholas Snead, Community Development Director
nsnead@cityofmadas.us, 541-475-2344

APPLICABLE STANDARDS AND CRITERIA:

1. 2018 Housing Action Plan
 - a. 5-Year Housing Construction Goals
 - b. Program Incentives
2. New Housing Development Assistance Program:
 - a. Eligibility
 - b. Approval Criteria

FINDINGS OF FACT:

1. **PROPERTY LOCATION:**
The property is located south of Loucks Road and north of the existing Morning Crest Estates neighborhood and is not addressed and is identified as tax lots 11-13-01-AC-500 and 600, Jefferson County (*see Figure 2 below*).

2. ZONING AND COMPREHENSIVE PLAN DESIGNATION:

The property is designated and zoned Planned Residential Development (R-3) on the City of Madras Urban Area Comprehensive Plan and Zoning Map (see Figure 1 below).

4. PROPOSAL:

Residential subdivision that includes 186 single family detached lots, 48 townhome lots, and 1 public park lot that will be developed in 4 phases. The developer is to construct the following public improvements:

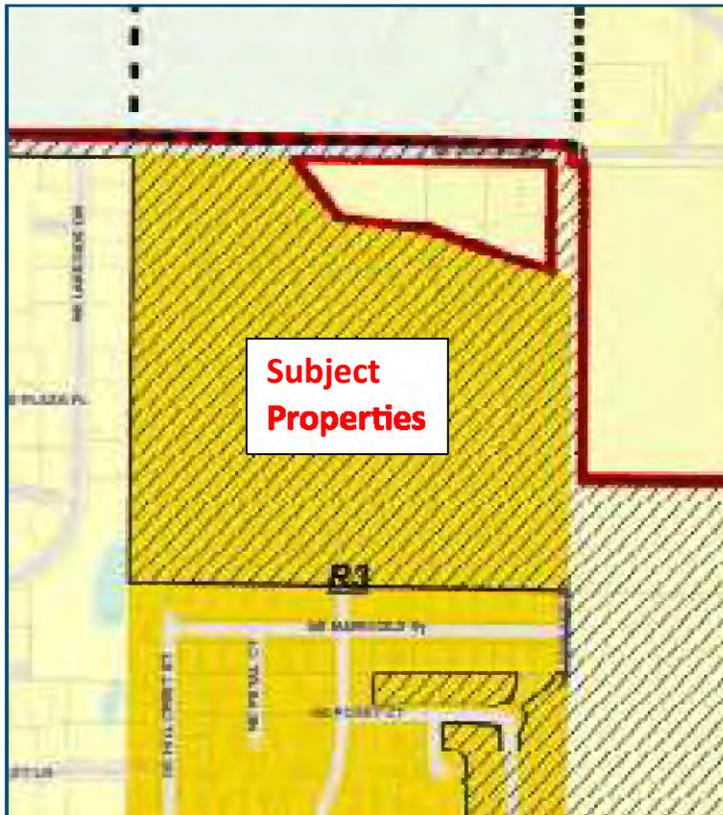
1. **Widening Loucks Road along the frontage of the subject properties**
2. **Construction of all internal infrastructure serving the lots within the development**
3. **Improving Kinkade Road (Phase 4), and**
4. **Prior to final plat of phase three, the applicant will be required to reconfigure the intersection of US Hwy 97 and Jefferson Street/Loucks Road**

EXHIBITS:

Exhibit A: HURD New Housing Development Assistance Program **application & materials.**

Exhibit B: City of Madras Master Plan and Subdivision land use decision (Files: MP-22-1 & SD-22-2).

Figure 1. Comprehensive Plan Designation and Zoning.



FINDING: The applicant has requested tax increment for 36 dwellings constructed on 36 lots in the Sagebrook subdivision that is located in the HURD. The applicant has submitted information that identifies that homes within Phase 1 of the subdivision will be priced between \$290,000 and \$340,000. Therefore, staff finds the proposed dwellings to be classified as both “Higher-Income” and “Middle Income”. As shown in Table 1 below, the City has permitted 194 High-Income dwellings of May 20, 2024. This exceeds the Housing Action Plan’s goal of 50 High-Income dwellings to be constructed in 5 years.

Table 1. 2018 Housing Action Plan, Housing Construction Progress as of 5/20/24.

Annual Progress	Low Income (ONLY Subsidized & Multi-Family)	Middle Income (ONLY Unsubsidized & Multi-Family)	High Income	TOTAL
2020	0	46	14	60
2021	8	75	79	162
2022	0	4	30	34
2023	29	20	31	80
2024	0	17	40	57
Total Permits to Date	37	162	194	393
5 YEAR GOAL	40	75	50	165
% of 5 YEAR GOAL	93%	216%	388%	238%

Housing Action Plan est. 2/10/19

This program provides the following three options for incentives to housing developers:

- 1. Lump Sum:** Receive incentive at certificate of occupancy, but only equal to 50% of the total incentive amount.
- 2. Tax Rebate:** Receive 100% of incentive through equal installment payments over the course of seven years.
- 3. Infrastructure:** City builds infrastructure improvements required as a condition of development with a cost up to 100% of total incentive. Timing of improvements to be determined by City. This analysis assumes that infrastructure improvements occur on average, three years after certificate of occupancy.

FINDING: The applicant has requested Receive 100% of incentive through equal installment payments over the course of seven years for all 36 lots in Phase 1 of the Sagebrook Subdivision. Staff estimates the tax increment to be between \$1,200-\$1,500 per dwelling annually for seven years. The estimated range of total tax increment incentives the developer would receive for constructing 36 homes is \$302,268 to \$378,000.

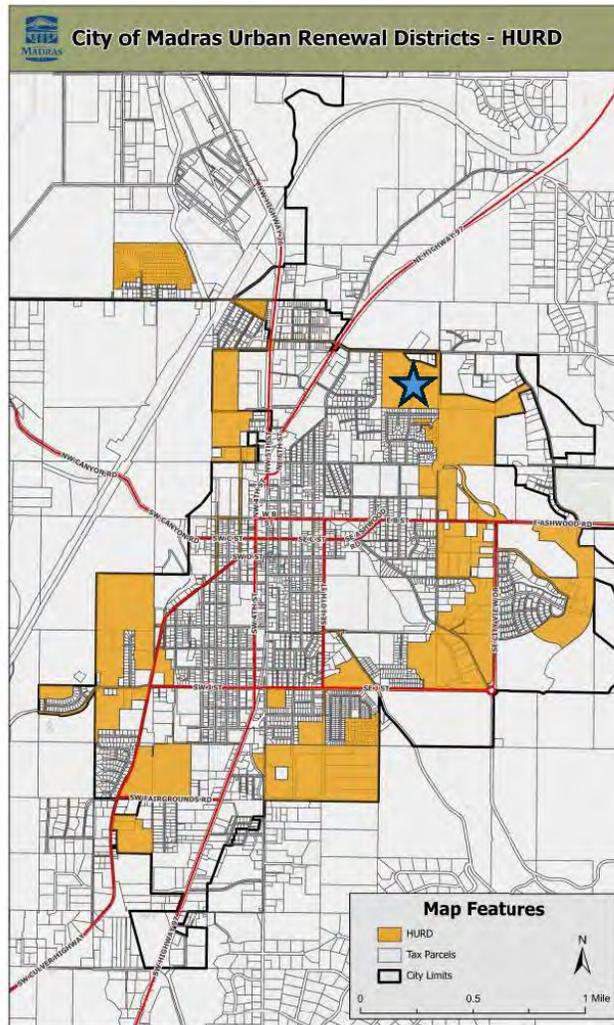
Estimated Tax-Increment Incentives:

- A. \$1,200 of Tax Increment x 7 years x 36 dwellings = \$302,400 Total Tax Increment incentive
- B. \$1,500 of Tax Increment x 7 years x 36 dwellings = \$378,000 Total Tax Increment incentive

C. New Housing Development Assistance Program:

1. The subject property is located within Housing Urban Renewal District boundary (see Figure 1).

Figure 3. Housing Urban Renewal Areas.



FINDING: Staff finds the Sagebrook subdivision is located in the HURD as identified by the blue star in Figure 3 above. Therefore, development is eligible for HURD incentives.

2. All necessary land use approvals have been obtained.

FINDING: The applicant has obtained both Master Plan and Subdivision approval from the City of Madras (File No. MP-22-1 and SD-22-2). **Both decisions are final and the applicant has filed for all necessary permits and constructed all necessary public improvements to plat the first phase of the subdivision.**

3. Property owner/business' utility accounts with the City of Madras are in good standing.

FINDING: Staff finds that the dwellings constructed have not been sold from the developer to any buyer(s). Therefore all utility accounts are in good standing. Furthermore, the applicant's Business License remains in good standing as well with the City.

4. There are no outstanding City Code violations on the subject property.

FINDING: Staff is not aware of any violations of City regulations by the applicant or any of the property they own.

5. Applicants may be:

- **An Individual**
- **A For-Profit Business Tenant (with written approval from the building's owner)**
- **Property or Business Owner**

FINDING: The applicant is a for-profit business that owns the land where the residential development is being constructed.

MADRAS REDEVELOPMENT COMMISSION
Request for Commission Action

Date Submitted: May 20, 2024
Agenda Date Requested: May 28, 2024
To: Madras Redevelopment Commission
Through: Will Ibershof, City Administrator
From: Nicholas Snead, Community Development Director
Subject: **Sagebrook Subdivision, Phase 1, HURD Funding Request.**

TYPE OF ACTION REQUESTED: (Check One)

- | | |
|-----------------------------------------------------------------|------------------------------------|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other |
| <input type="checkbox"/> No Action - Report Only | |

MOTION FOR COMMISSION ACTION:

No action requested. The MRC will conduct the first of two public hearings on the proposal on May 28, 2024. At the second public hearing on June 11, 2024 the MRC may take formal action on the matter.

OVERVIEW:

Wood Hill Homes, LLC (applicant) is the developer of the Sagebrook subdivision. This is a 234 lot, four phase subdivision south of Loucks Road, east of Highway 97 that will include both single-family detached and attached dwellings. The applicant has filed an application requesting 100% of the Tax Increment generated in Phase 1 of the subdivision (36 lots). Staff finds this is permitted under the MRC's New Housing Development Assistance Program. Attachment A contains the application and materials filed by the applicant. Attachment B contains the Findings of Compliance prepared by staff. This is the first application filed under the MRC's New Housing Development Assistance Program that they established in October of 2023. This Program requires a Type III review process, as identified in the application packet, which requires two public hearings to be held by the MRC. At the second public hearing, the MRC may take formal action on the proposal. Staff have scheduled the first public hearing to be held at the MRC's May 28, 2024 meeting and the second public hearing to be held on June 11, 2024. At the May 28, 2024 public hearing, the MRC will receive a report from staff, overview of the funding request from the applicant, and accept public comments.

ANALYSIS:

Staff notes that the first phase of development has been platted (infrastructure constructed) and lots are able to be developed with dwellings. Construction of dwellings has started. Staff anticipates the MRC to question why the applicant has filed an application for funding assistance from the MRC after housing construction has started. Staff cannot likely answer this question to the satisfaction of the Commission. However, staff notes that the applicant has been working with Lenar Homes to design and construct the homes on lots within Phase 1. There have been conflicts related to the City's Development Code that took time to resolve. Additionally, staff and the City Attorney have been working on drafting an Agreement for this project. The significant changes in City staff have caused the City Attorney to revise the draft Agreement several times to address concerns regarding the difficulty in processing the annual payment requests from applicants. Finally, staff had provided the Program packet to the applicant on several occasions, and it wasn't submitted prior to housing construction starting. In summary, each project is different, complicated in different ways, and housing development is challenging currently, given interest rates hovering around 8% and many residential subdivisions are privately financed instead of by a commercial bank.

Staff estimates the 36 lot development will receive between \$302,268 to \$378,000 that would be paid to the applicant over seven years. Based on the FY 22-23 Annual Report for the HURD, the Maximum Indebtedness for the District to be about \$38 million of the \$39 million for the District. Therefore, the funding requested will not create any problems for the District's Maximum Indebtedness. In terms of availability of capital to fund the project, staff estimates that the seven annual payments to be between \$43,181 to \$54,000. This assumes that all 36 dwellings in Phase 1 of the subdivision are completed in one year. If that assumption doesn't occur, then the first several annual payments will be smaller and the last payments will be larger, but in no case will the total annual incentive payments exceed 100% of the tax increment for all 36 lots for seven years. The MRC is currently working on refinancing its Line of Credit into a 20-year tax exempt bond. Staff anticipates that this refinancing will be complete prior to the first annual payment to the developer. Therefore, staff finds that it is reasonable to assume that the MRC's Line of Credit has the capacity to fund the project.

The applicant has submitted information that identifies that homes within Phase 1 of the subdivision will be priced between \$290,000 and \$340,000. This information will determine whether the dwellings will enjoy the City's reduced SDCs based on the sales price of the home. The City's current SDCs for a single-family detached dwelling is \$10,562.00. As currently approved by the City Council, homes priced over \$288,368 will have their SDCs reduced by 25% (\$2,640.50). Homes priced under \$288,368 will have the SDCs reduced by 50% (\$5,281). The City's reduced SDCs and Tax Increment from the HURD, if approved by the MRC, comprise the incentives available for the development.

A. Fiscal Impact:

Staff estimates the total fiscal impact to the HURD to be a total of \$302,268 to \$378,000 that would be paid to the applicant over seven years.

F. Supporting Documentation:

Attachment A: Sagebrook, Phase 1, New Housing Assistance Grant application.
Attachment B: Findings of Compliance

STAFF RECOMMENDATION:

No action requested. The MRC will conduct it's first of two public hearings on the proposal on May 28, 2024. At the second public hearing on June 11, 2024 the MRC may take formal action on the matter.

MOTION FOR COMMISSION ACTION:

No action requested. The MRC will conduct it's first of two public hearings on the proposal on May 28, 2024. At the second public hearing on June 11, 2024 the MRC may take formal action on the matter.

**MADRAS URBAN RENEWAL AGENCY
Request for Commission Action**

Meeting Date: June 11, 2024
To: Madras Redevelopment Commissioners
From: Nicholas Snead, Community Development Director
Through: Will Ibershof, City Administrator
Subject: **Amendment to Initiative Brewing MRC Loans to Adjust First Payment Date.**

TYPE OF ACTION REQUESTED:

Approve

MOTION(S) FOR CONSIDERATION:

I move that the MRC approve the amendments to both of the Initiative Property Holdings, LLC Lines of Credit Promissory Notes and Trust Deeds by specifying the adjusted first payment date to be [INSERT MONTH, 10, 2024].

OVERVIEW:

The MRC has two Lines of Credit issued to Initiative Property Holdings, LLC (Initiative Brewing). The first Line of Credit was issued on May 1, 2023 in the amount of \$600,000. The second Line of Credit was issued on December 1, 2023 in the amount of \$300,000. Both Lines of Credit require the first loan payment to be made on June 30, 2024 as noted in Section 4 of the Promissory Notes (attached). The site and building renovations are not complete. Initiative Brewing anticipates the project to be completed in August or September and asked that their first payment be due on December 10, 2024. At the June 11, 2024 MRC meeting, staff will request that the MRC amend the two Lines of Credit Promissory Notes and Trust Deeds by identifying a new first payment date. Staff finds that the MRC has the following options:

First Payment Due Date Options:

1. Leave the first payment date of June 30, 2024
2. Change the first payment date to September 10, 2024 (likely construction completion)
3. Change the first payment date to December 10, 2024
4. Option 4 is for the MRC to specify the

Staff finds Option 1 would require Initiative Brewing to make their first loan payments to the MRC prior to construction being completed and business being conducted on the site. Option 2 would allow the borrower to make their first loan payments just as construction is completed. Option 3 would allow the borrower to operate the business for two months before the first loan payments are due. Option 4 would allow the MRC to specify a first payment date for both lines of credit that is different than Options 1, 2, and 3.

STAFF ANALYSIS:

N/A

FISCAL INFORMATION:

Changing the first payment date will cause the MRC to cause additional interest on the Line of Credit funding the two Lines of Credit for Initiative Property Holdings, LLC. Because the MRC

has the discretion to determine the appropriate first payment date, the amount of additional information has not been determined.

SUPPORTING DOCUMENTATION:

See attached.

The Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. The Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

**FIRST AMENDMENT
TO
LINE OF CREDIT PROMISSORY NOTE**

This First Amendment to Line of Credit Promissory Note (this “**Amendment**”), is made effective as of _____, 2024 (the “**Effective Date**”), by Initiative Property Holdings, LLC, an Oregon limited liability company (“**IPH**”), and Initiative Brewing, LLC, an Oregon limited liability company (“**IB**”; IPH and IB are individually and collectively, “**Maker**”), in favor of the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, “**Holder**”).

RECITALS

- A. Maker and Holder are parties to that certain Line of Credit Promissory Note dated effective May 1, 2023, in the principal amount of \$600,000.00 (the “**Note**”).
- B. Maker and Holder desire to amend the terms of the Note, including, without limitation, the Repayment Commencement Date (as defined in the Note), subject to the terms and conditions of this Amendment. Capitalized terms used, but not defined in this Amendment shall have the meanings assigned to such terms in the Note.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Amendment, the receipt of which is hereby acknowledged, the parties to this Amendment agree as follows:

- 1. **Amendments**. The parties desire to amend the following terms of the Note:
 - a. **Repayment Commencement Date**. Maker must commence repaying the unpaid principal amount, and any interest thereon, thirty (30) days after the issuance of a certificate of occupancy for the Brewery, but in no event later than _____.

b. **Maturity Date.** The Maturity Date shall be the sooner to occur of the following: (i) Maker makes a total of 120 payments, or (ii) _____.

2. **Miscellaneous.** This Amendment is hereby expressly made a part of the Note. The terms and conditions of the Note that are not amended or otherwise modified by this Amendment remain unchanged and in full force and effect. If any term or provision contained in this Amendment is declared by a court of competent jurisdiction to be illegal or unenforceable in any respect, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if this Amendment did not contain the particular term or provision held to be invalid. This Amendment and the Note represent the complete, exclusive, and final understanding of the parties with respect to the subject matter of this Amendment. All prior and contemporaneous agreements, discussions, understandings, and negotiations, whether written or oral, express or implied, are merged herein, and to the extent inconsistent herewith, are of no further force and effect. No addition, modification, amendment, and/or alteration to the Amendment will be effective against the parties unless specifically agreed to in writing and signed by the parties.

3. **Signatures.** This Amendment may be executed in counterparts, each of which will be deemed an original and when taken together shall constitute one instrument. An electronic signature (including, without limitation, by an application such as DocuSign or RightSignature) or a faxed or electronic transmission of a signature will be considered an original signature. At the request of a party, the other party will confirm an electronic signature or a faxed or electronically transmitted signature by delivering an original signature page to the requesting party.

[Signature page follows]

Entered into as of the Effective Date set forth above.

HOLDER:

Madras Redevelopment Commission

By: _____
Its: _____

City of Madras

By: _____
Its: _____

MAKER:

Initiative Property Holdings, LLC,
an Oregon limited liability company

By: _____
Its: _____

Initiative Brewing, LLC,
an Oregon limited liability company

By: _____
Its: _____

After recording, return to:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**MODIFICATION OF LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Modification of Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "**Modification**") is made and entered into effective on _____, 2024 (the "**Effective Date**") between Initiative Property Holdings, LLC, an Oregon limited liability company ("**Grantor**"), and the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission ("**Beneficiary**"), whose address is 125 SW "E" Street, Madras, Oregon 97741. Grantor's address is 715 SW 4th Street, Madras, Oregon 97741.

RECITALS:

A. Beneficiary, as lender, extended to Grantor, as borrower, a certain line of credit loan in the principal amount of \$600,000.00 (the "**Loan**") pursuant to the terms and conditions of a certain Madras Redevelopment Commission – Line of Credit Loan Agreement dated effective May 1, 2023 (the "**Loan Agreement**") and a Line of Credit Promissory Note dated May 1, 2023 made by Grantor in favor of Beneficiary (the "**Promissory Note**").

B. The Loan is evidenced or secured by certain loan documents, agreements, and/or instruments, including, without limitation, a certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated effective May 1, 2023, made by Grantor in favor of Beneficiary (the "**Trust Deed**"), which Trust Deed was recorded on April 17, 2023, in Jefferson County Official Records as Instrument No. 2023-1069.

C. Grantor and Beneficiary entered into a certain First Amendment to Line of Credit Promissory Note dated _____, 2024, to defer the commencement of repayment of the Loan and, consequently, the maturity date.

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AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments to Trust Deed.

a. The third paragraph of the preamble of the Trust Deed is amended to read in its entirety as follows:

“Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such date is _____, 20__.”

b. The recital is amended to read in its entirety as follows:

“Beneficiary and Grantor entered into that certain Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement dated as of May 1, 2023 (the “**Agreement**”). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan up to a maximum principal amount of \$600,000.00, which loan is evidenced by a certain Line of Credit Promissory Note dated as of May 1, 2023, as amended by that certain First Amendment to Line of Credit Promissory Note dated _____, 2024, as may be further modified, extended, or replaced from time to time (the “**Note**”). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.”

c. The definition of “**Note**” contained in Appendix A to the Trust Deed is amended to read in its entirety as follows:

“‘**Note**’ means the means the Line of Credit Promissory Note dated May 1, 2023, in the principal amount of \$600,000.00 made by Grantor in favor of Beneficiary as amended by that certain First Amendment to Line of Credit Promissory Note dated _____, 2024, each as referenced in the recital.”

2. Continuing Validity. This Modification is hereby made part of the Trust Deed. The provisions of the Trust Deed that are not amended by this Modification remain unchanged and in full force and effect. Except as specifically modified by this Modification, Grantor affirms and reaffirms all its obligations under the Trust Deed. Nothing contained in this Modification is intended to change or adversely affect the perfection or priority of any lien or security interests previously granted by the Trust Deed, and all such liens and security interests will continue in effect according to their original priority and effective dates.

3. Non-Waiver. The parties’ execution of this Modification will not be construed as an actual or implied waiver of any condition or obligation contained in the Trust Deed. Consent by Beneficiary to this Modification does not waive Beneficiary’s right to require strict performance of the Trust Deed as modified above nor obligate Beneficiary to make any future modifications.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have caused this Modification to be executed and effective as of the Effective Date.

GRANTOR:

Initiative Property Holdings, LLC,
an Oregon limited liability company

By: _____
Its: _____

State of Oregon, County of Jefferson) ss.

The forgoing instrument was acknowledged before me on _____, 2024
by _____ as the _____ of Initiative Property Holdings, LLC.

Before me:

Notary Public for Oregon

BENEFICIARY:

Urban Renewal Agency of the City of Madras,
acting by and through its
Madras Redevelopment Commission

By: Gabriel Soliz
Its: Chair
Dated: _____

State of Oregon, County of Jefferson) ss.

The foregoing instrument was acknowledged before me on _____ 2024, by Gabriel Soliz as chair of the Madras Redevelopment Commission on behalf of the Urban Renewal Agency of the City of Madras.

Before me:

Notary Public for Oregon

The Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. The Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

**FIRST AMENDMENT
TO
SECOND LINE OF CREDIT PROMISSORY NOTE**

This First Amendment to Second Line of Credit Promissory Note (this “**Amendment**”), is made effective as of _____, 2024 (the “**Effective Date**”), by Initiative Property Holdings, LLC, an Oregon limited liability company (“**IPH**”), and Initiative Brewing, LLC, an Oregon limited liability company (“**IB**”; IPH and IB are individually and collectively, “**Maker**”), in favor of the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, “**Holder**”).

RECITALS

- A. Maker and Holder are parties to that certain Second Line of Credit Promissory Note dated effective December 1, 2023, in the principal amount of \$300,000.00 (the “**Note**”).
- B. Maker and Holder desire to amend the terms of the Note, including, without limitation, the Repayment Commencement Date (as defined in the Note), subject to the terms and conditions of this Amendment. Capitalized terms used, but not defined in this Amendment shall have the meanings assigned to such terms in the Note.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Amendment, the receipt of which is hereby acknowledged, the parties to this Amendment agree as follows:

- 1. **Amendments**. The parties desire to amend the following terms of the Note:
 - a. **Repayment Commencement Date**. Maker must commence repaying the unpaid principal amount, and any interest thereon, thirty (30) days after the issuance of a certificate of occupancy for the Brewery, but in no event later than _____.

b. **Maturity Date.** The Maturity Date shall be the sooner to occur of the following: (i) Maker makes a total of 120 payments, or (ii) _____.

2. **Miscellaneous.** This Amendment is hereby expressly made a part of the Note. The terms and conditions of the Note that are not amended or otherwise modified by this Amendment remain unchanged and in full force and effect. If any term or provision contained in this Amendment is declared by a court of competent jurisdiction to be illegal or unenforceable in any respect, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if this Amendment did not contain the particular term or provision held to be invalid. This Amendment and the Note represent the complete, exclusive, and final understanding of the parties with respect to the subject matter of this Amendment. All prior and contemporaneous agreements, discussions, understandings, and negotiations, whether written or oral, express or implied, are merged herein, and to the extent inconsistent herewith, are of no further force and effect. No addition, modification, amendment, and/or alteration to the Amendment will be effective against the parties unless specifically agreed to in writing and signed by the parties.

3. **Signatures.** This Amendment may be executed in counterparts, each of which will be deemed an original and when taken together shall constitute one instrument. An electronic signature (including, without limitation, by an application such as DocuSign or RightSignature) or a faxed or electronic transmission of a signature will be considered an original signature. At the request of a party, the other party will confirm an electronic signature or a faxed or electronically transmitted signature by delivering an original signature page to the requesting party.

[Signature page follows]

Entered into as of the Effective Date set forth above.

HOLDER:

Madras Redevelopment Commission

By: _____
Its: _____

City of Madras

By: _____
Its: _____

MAKER:

Initiative Property Holdings, LLC,
an Oregon limited liability company

By: _____
Its: _____

Initiative Brewing, LLC,
an Oregon limited liability company

By: _____
Its: _____

After recording, return to:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**MODIFICATION OF SECOND LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Modification of Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "**Modification**") is made and entered into effective on _____, 2024 (the "**Effective Date**") between Initiative Property Holdings, LLC, an Oregon limited liability company ("**Grantor**"), and the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission ("**Beneficiary**"), whose address is 125 SW "E" Street, Madras, Oregon 97741. Grantor's address is 715 SW 4th Street, Madras, Oregon 97741.

RECITALS:

A. Beneficiary, as lender, extended to Grantor, as borrower, a certain line of credit loan in the principal amount of \$300,000.00 (the "**Loan**") pursuant to the terms and conditions of a certain Madras Redevelopment Commission – Second Line of Credit Loan Agreement dated effective December 1, 2023 (the "**Loan Agreement**") and a Second Line of Credit Promissory Note dated December 1, 2023 made by Grantor in favor of Beneficiary (the "**Promissory Note**").

B. The Loan is evidenced or secured by certain loan documents, agreements, and/or instruments, including, without limitation, a certain Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated effective December 1, 2023 made by Grantor in favor of Beneficiary (the "**Trust Deed**"), which Trust Deed was recorded on December 15, 2023 in Jefferson County Official Records as Instrument No. 2023-3476.

C. Grantor and Beneficiary entered into a certain First Amendment to Second Line of Credit Promissory Note dated _____, 2024 to defer the commencement of repayment of the Loan and, consequently, the maturity date.

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AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments to Trust Deed.

a. The third paragraph of the preamble of the Trust Deed is amended to read in its entirety as follows:

“Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such date is _____, 20__.”

b. The recital is amended to read in its entirety as follows:

“Beneficiary and Grantor entered into that certain Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement dated as of December 1, 2023 (the “**Agreement**”). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan up to a maximum principal amount of \$300,000.00, which loan is evidenced by a certain Second Line of Credit Promissory Note dated as of December 1, 2023, as amended by that certain First Amendment to Second Line of Credit Promissory Note dated _____, 2024, as may be further modified, extended, or replaced from time to time (the “**Note**”). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.”

c. The definition of “**Note**” contained in Appendix A to the Trust Deed is amended to read in its entirety as follows:

“‘**Note**’ means the means the Second Line of Credit Promissory Note dated December 1, 2023, in the principal amount of \$300,000.00 made by Grantor in favor of Beneficiary as amended by that certain First Amendment to Second Line of Credit Promissory Note dated _____, 2024, each as referenced in the recital.”

2. Continuing Validity. This Modification is hereby made part of the Trust Deed. The provisions of the Trust Deed that are not amended by this Modification remain unchanged and in full force and effect. Except as specifically modified by this Modification, Grantor affirms and reaffirms all its obligations under the Trust Deed. Nothing contained in this Modification is intended to change or adversely affect the perfection or priority of any lien or security interests previously granted by the Trust Deed, and all such liens and security interests will continue in effect according to their original priority and effective dates.

3. Non-Waiver. The parties’ execution of this Modification will not be construed as an actual or implied waiver of any condition or obligation contained in the Trust Deed. Consent by Beneficiary to this Modification does not waive Beneficiary’s right to require strict performance of the Trust Deed as modified above nor obligate Beneficiary to make any future modifications.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have caused this Modification to be executed and effective as of the Effective Date.

GRANTOR:

Initiative Property Holdings, LLC,
an Oregon limited liability company

By: _____
Its: _____

State of Oregon, County of Jefferson) ss.

The forgoing instrument was acknowledged before me on _____, 2024
by _____ as the _____ of Initiative Property Holdings, LLC.

Before me:

Notary Public for Oregon

BENEFICIARY:

Urban Renewal Agency of the City of Madras,
acting by and through its
Madras Redevelopment Commission

By: Gabriel Soliz
Its: Chair
Dated: _____

State of Oregon, County of Jefferson) ss.

The foregoing instrument was acknowledged before me on _____ 2024, by Gabriel Soliz as chair of the Madras Redevelopment Commission on behalf of the Urban Renewal Agency of the City of Madras.

Before me:

Notary Public for Oregon

MADRAS REDEVELOPMENT COMMISSION – URBAN RENEWAL LINE OF CREDIT LOAN AGREEMENT

This Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement (this “Agreement”) is made and entered effective on May 1, 2023 (the “Effective Date”) between Madras Redevelopment Commission and the City of Madras (collectively, “Lender”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon (“IPH”) and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 (“IB”, IPH and IB are individually and collectively, “Borrower”).

RECITALS:

A. IPH owns certain real property (and all improvements located thereon) located at 715 SW 4th Street, Madras, Oregon, which real property is more particularly described on the attached Exhibit A (collectively, the “Property”).

B. Subject to the terms and conditions contained in this Agreement, Borrower desires to borrow upwards of \$600,000.00 from Lender for construction and development costs for a brewery and pub (collectively, the “Brewery”) to be operated by IB on the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the attached Appendix A.

2. Line of Credit Loan. Subject to the terms and conditions contained in this Agreement, Lender will loan to Borrower and Borrower will borrow from Lender the maximum sum of \$600,000.00 pursuant to a line of credit (the “Loan”). The Loan will be evidenced by the Note attached hereto as Exhibit B. The Loan will be paid in accordance with the terms of the Note.

3. Loan Purpose; Operation of Business; Reporting.

3.1 Loan Purpose. Lender will disburse the Loan to Borrower for Borrower’s construction and development of the Brewery. Borrower must use the Loan solely for direct expenses associated with construction and development of the Brewery. Borrower will provide Lender evidence to Lender’s satisfaction demonstrating application of Loan proceeds consistent with this Agreement. For the avoidance of doubt, no portion of the Loan proceeds may be paid to Borrower or any member, manager, officer, or affiliate of Borrower as compensation, distributions, profits, consulting fees, loan repayment, or any similar arrangement.

3.2 Operation of Business. For so long as this Agreement is effective, Borrower will timely pay all taxes and assessments, of any nature, associated with Borrower, Operator, the Brewery, and/or the Property. During the term of the Agreement, Borrower will operate the Brewery in compliance with all applicable Laws and in a reasonable and prudent manner, including, without limitation, maintaining the Property in a clean and attractive appearance (including, without limitation,

all sidewalks, parking areas, entryways, lobbies, bathrooms, theaters, and other areas used by the public or visible from a street). During the term of the Agreement, Borrower will operate the Brewery in a manner consistent with the Grant Agreement.

3.3. Reporting. During the term of the Agreement, Borrower must provide quarterly (based on calendar year) written reports to Lender that include: (a) an itemization of all expenditures from Loan proceeds during the applicable quarter if any; (b) status of construction of the Brewery to the extent not complete; (c) profit and loss statement for the applicable quarter following opening of the Brewery; and (d) and such other information as Lender may reasonably request to evaluate compliance with this Agreement. Quarterly reports will be due no less than fifteen (15) days after the end of the applicable quarter. Lender may require Borrower to deliver an oral presentation of any quarterly report at a meeting of the Madras Redevelopment Commission, Madras City Council, or both.

4. Lender Security. Borrower's obligations to Lender concerning the Loan will be secured by a perfected security interest in the Collateral and by the personal guaranties (individually and collectively, the "Guaranty") of Operator, Ryan Churchill, and Chris Brumley (individually and collectively, "Guarantor"). Lender's security interest in the Collateral will be evidenced by the Trust Deed attached as Exhibit C, which will be recorded. Borrower will execute and deliver all Loan Documents that Lender may require concerning the Transaction. All Loan Documents will be in form and substance acceptable to Lender.

5. Prior Trust Deeds. The Trust Deed will be subordinate only to the Prior Trust Deeds. Borrower will not increase or cause the increase of the indebtedness evidenced or secured by any Prior Trust Deed without Lender's prior written consent. Borrower will timely pay and perform all of Borrower's obligations arising out of or under the Prior Trust Deeds (and/or any related agreements or instruments). If Borrower receives any notice of default arising out of or under the Prior Trust Deeds (and/or any related agreements or instruments), Borrower will immediately deliver a copy of the default notice to Lender. Lender may cure any Borrower default under the Prior Trust Deeds (and/or any related agreements or instruments) without waiving Borrower's default under this Agreement. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, late charges, penalties, and additional interest, resulting from or arising out of, whether directly or indirectly, the Prior Trust Deeds (and/or any related agreements or instruments).

6. Conditions Precedent to Disbursement. Lender will not be obligated to disburse any Loan proceeds to Borrower unless and until each of the following conditions have been satisfied or waived by Lender: (a) Lender has received a commitment from a title insurance company (the "Title Insurer") acceptable to Lender to issue to Lender a lender's title insurance policy (the "Title Policy") in the principal amount of \$600,000.00 in such form and with such endorsements as may be required by Lender, insuring that Borrower holds fee simple title to the Property and that the Trust Deed is, and will continue to be, an Encumbrance against the Property prior to and paramount to all Encumbrances of any nature or kind whatsoever except the Encumbrance(s) created by the Permitted Encumbrance(s) and such other Encumbrance(s) which Lender approves prior in writing; (b) Lender must have received fully executed originals of the Loan Documents; (c) Lender must have received such environmental studies and reports as Lender may require, each of which must be satisfactory to Lender; (d) all required insurance (including, without limitation, the Title Policy) must be in full force and effect and Lender must have received such evidence thereof as it requires; (e) each of Borrower's representations and

warranties contained in the Loan Documents must be true and accurate as of the date of the Draw Request and any Advance; (f) Lender must have a valid and perfected security interest in the Collateral (with a priority acceptable to Lender) and will have received satisfactory evidence of perfection and the priority of its security interest; and (g) any other condition that Lender may impose from time to time.

7. Loan Advances.

7.1 Draw Requests. Subject to the terms and conditions contained in this Agreement, Lender will make one or more Advances during the Draw Period. No Advance will be made after the Draw Period. Lender will not be required to make Advances more frequently than once per month. Each Advance will reduce the amount available for borrowing under the Loan and Loan amounts repaid may not be re-borrowed. To initiate an Advance, Borrower must provide Lender a Draw Request on or before the fifteenth (15th) day of a given month. Notwithstanding anything contained in this Agreement to the contrary, Lender will determine whether to make an Advance. Each Advance will be made and used (a) solely to pay direct costs associated with construction and development of the Brewery, and (b) and no individual Advance will exceed \$75,000.00. Any Advance made by Lender may be disbursed, in whole or in part, at Lender's election, (w) to Borrower, (x) to Lender for all amounts then due to Lender, including, without limitation, interest expenses and title insurance costs, (y) to any applicable government authority to pay any taxes or assessments owed by the Brewery and/or the Property and/or (z) directly to the persons furnishing labor, materials, inventory, and/or supplies to the Brewery. Lender will have no obligation to confirm that Advances made are actually used by that party to pay for labor, materials, inventory, and/or supplies of the Brewery. Borrower accepts and assumes all risks in connection with any Advances made by Lender under this Agreement.

7.2 Conditions Precedent to each Advance. In addition to any other condition contained in this Agreement, each Advance will be subject to the following conditions: (a) no Event of Default under any Loan Document or under the Grant Agreement will have occurred and/or will then exist; (b) there has been no condemnation, casualty, and/or catastrophe affecting the Collateral; and (c) the Title Insurer continues to insure the lien of the Trust Deed as a lien against the Property securing all previous Advances and the Advance then being requested, and nothing has intervened to affect the validity or priority of the Trust Deed.

8. Representations; Warranties. In addition to any other representation and/or warranty made by Borrower under this Agreement, Borrower represents and warrants the following to Lender:

8.1 Authority; Binding Obligation; No Conflicts. Borrower is duly organized and validly existing limited liability companies under the laws of the State of Oregon. Borrower has full power and authority to sign and deliver this Agreement and to perform all Borrower obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms. The signing and delivery of this Agreement by Borrower and the performance by Borrower of all Borrower obligations under this Agreement will not (a) breach any agreement to which Borrower is a party, or give any person the right to accelerate any obligation of Borrower; (b) violate any law, judgment, or order to which Borrower is subject; and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

8.2 Compliance; No Misstatements; Encumbrances. Borrower and the Collateral comply with all applicable Laws. Borrower represents and warrants that no report, financial statement, representation, and/or other information furnished by Borrower to Lender in connection with the Loan

contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower owns title to the Collateral, free from all Encumbrances except the Encumbrances created by the Permitted Encumbrances. No claim of right, title, and/or interest adverse to Borrower in or to the Collateral has been or will be made by any person. There are no pending or threatened claims or actions against Borrower and/or the Collateral. The Property is, and at all times that any amounts remain owing on the Loan will be, used exclusively as a commercial property and will not be used as a personal residence.

9. Covenants. In addition to any other Borrower covenant contained in this Agreement, Borrower covenants the following to Lender:

9.1 Insurance. Borrower will obtain and maintain at all times insurance policies that provide adequate insurance coverage for the Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Property is normally exposed. Each insurance policy that covers the Property will (a) be in form and substance satisfactory to Lender; (b) name Lender as a loss payee; and (c) will provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Lender. Immediately upon Lender's request, Borrower will deliver a copy of each policy to Lender.

WARNING

(Provided pursuant to ORS 746.201(2))

Unless you [Borrower] provide us [Lender] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan balance will apply to this added amount. The effective date of coverage may be the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damages coverage or any mandatory liability insurance requirements imposed by law.

9.2 Encumbrances; Transfer; Condition of Property. Borrower will keep the Collateral free from all Encumbrances except the Permitted Encumbrances. Borrower will not Transfer all or any portion of the Collateral without Lender's prior written consent. Upon Lender's request, Borrower will permit Lender to (a) inspect the Property (and any other Collateral), and (b) inspect and copy Borrower's books of account and records related to the Property, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property. Borrower and the Collateral will comply with all Laws. Borrower will timely pay all charges, costs, and expenses related to or concerning (whether directly or indirectly) the Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with

Borrower's ownership, use, occupancy, maintenance, improvement, and/or repair of the Property.

9.3 Indemnification. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any breach and/or inaccuracy of any Borrower representation, warranty, and/or covenant made in this Agreement and/or any other Loan Document; (b) any failure by any Borrower to pay and/or perform any covenant and/or obligation required to be performed by Borrower under this Agreement and/or any other Loan Document; (c) any act or omission related to the Brewery; (d) any condition of the Property, and/or (e) the Loan. Borrower's indemnification obligations under this Section 9.3 will survive the termination of this Agreement and the satisfaction of the obligations of Borrower to Lender under this Agreement.

9.4 Sales. Borrower will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Borrower's assets.

10. Defaults; Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes a default by Borrower under this Agreement, the Grant Agreement, and each Loan Document (each an "Event of Default"): (a) Borrower's failure to make any payment required under the Note and/or this Agreement when due; (b) Borrower's or Guarantor's failure to perform any covenant, agreement, and/or obligation contained in this Agreement, the Grant Agreement, and/or any other Loan Document (other than making any payment required under the Note and/or this Agreement as provided in Section 10.1(a)) within fourteen (14) days after written notice from Lender specifying the failure with reasonable particularity; (c) any warranty, representation, statement, and/or information made or furnished to Lender by or on behalf of Borrower or Guarantor proves to have been false or misleading in any respect when made or furnished or when deemed made or furnished, or becomes false or misleading at any time thereafter; (d) any default occurs under, or Borrower or Guarantor fails to pay, perform, and/or comply with, the terms of the Grant Agreement or any Loan Document or any other agreement, document, and/or instrument between Borrower and Lender, and such failure is not remedied within any applicable grace period, if any; (e) any default occurs under any security instrument securing any indebtedness or obligation of Borrower or Guarantor to Lender and/or any lien created or purported to be created by the Trust Deed ceases to be, or is asserted by any person not to be, a valid, perfected second position security interest or lien, subject only to liens and encumbrances accepted by Lender; (f) Lender determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Borrower or in any Collateral and/or Lender deems itself insecure with respect to the payment or performance of any obligations of Borrower to Lender; (g) the dissolution of Borrower; (h) the death of any Guarantor, and/or (i) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Borrower's financial condition and/or Borrower's ability to pay and perform its obligations under this Agreement and/or any other Loan Document.

10.2 Remedies in the Event of Default. On and after an Event of Default, Lender may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Borrower, the right to accelerate the due dates of the Loan so that the Loan is immediately due, payable, and performable in its entirety; (b) upon notice to Borrower, the

right to take possession, control, and charge of the Property and/or any other Collateral; (c) the right to institute an action to appoint a receiver to take charge of the Property and/or any other Collateral; (d) any remedy available to Lender under any Loan Document and/or any agreement evidencing, guaranteeing, and/or securing the payment or performance of the Loan and/or any of the obligations of Borrower, including, without limitation, the Trust Deed; and/or (e) any other remedy available to Lender at law or in equity.

11. Miscellaneous.

11.1 No Lender Waiver. No failure and/or delay of Lender in exercising any right, power, and/or remedy under this Agreement and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Lender or of any other right. A waiver of any provision of this Agreement and/or any other Loan Document will not constitute a waiver of or prejudice Lender's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Lender must be in writing and will be effective only to the extent specifically set forth in writing.

11.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Borrower will pay Lender immediately on demand an amount equal to all costs and expenses incurred by Lender in connection with the Loan, Title Policy, enforcement of the Loan Documents, Grant Agreement, and/or collection of amounts due to Lender, including, without limitation, all recording fees, filing fees, costs of appraisals, title insurance, inspection, collateral audits, costs of perfecting, protecting, defending Lender's security interest in the Collateral, and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement and/or any other Loan Document, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

11.3 Legal Representation; Notices; Attorney in Fact. Each party has employed his or her own independent legal counsel to assist in each such party's review and negotiation of this Agreement (and any document referenced herein) or has knowingly waived his or her right to do so. Any notice required under this Agreement must be in writing. This Agreement will not be construed in favor or against any particular party based on drafting. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. So long as any amount remains due hereunder to Lender and during the continuance of any default hereunder, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power and authority to execute, file, and record any notice or other document which Lender deems necessary or advisable to establish or perfect Lender's security interest in the Collateral.

11.4 Successors; Severability; Governing Law. This Agreement will be binding upon

and inure to the benefit of the parties and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement and/or any other Loan Document without the prior written consent of Lender. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11.5 Interpretation; Discretion. Upon request by Lender, Borrower will from time to time provide such information, execute such documents, and do such acts as may reasonably be required by Lender in connection with any indebtedness or obligations of Borrower to Lender under the Loan Documents. All information, documents, and instruments required to be executed or delivered to Lender will be in form and substance satisfactory to Lender. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When Lender is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be Lender's sole discretion. If Borrower is comprised of two or more persons, all such persons shall be jointly and severally responsible for the obligations and liabilities of Borrower under this Agreement. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

11.6 Integration; Conflicting Terms; Signatures. This Agreement, together with the Grant Agreement and other Loan Documents, comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement will control; provided, however, that the inclusion of supplemental rights and remedies of Lender in any of the other Loan Documents will not be deemed a conflict with this Agreement. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. An electronic signature or a fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party. This Agreement may be amended only by a written agreement signed by each party.

11.7 Survival. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement and/or in any certificate or other instrument delivered by Borrower under this Agreement and/or any Loan Document. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties, and covenants will survive the making of the Loan and delivery to Lender of

the Loan Documents, will be continuing in nature, and will remain in full force and effect until such time as Borrower has satisfied its obligations under the Loan Documents in full.

11.8 Force Majeure. Any non-monetary obligation of Lender or Borrower under the Loan Documents which is delayed or not performed due to Acts of God, strike, riot, shortages of labor or materials, war, pandemics, governmental laws, regulations or restrictions, governmental action or inaction, any moratorium or other limit on issuing building permits or certificates of occupancy, or any other causes of any kind whatsoever which are beyond a party's reasonable control (each a "Force Majeure Event"), shall not constitute a default, but shall be performed as soon as reasonably possible after the end of such cause for delay or nonperformance. No Force Majeure Event shall commence or be deemed to have occurred unless, within ten (10) days after the event constituting the Force Majeure Event commences, the party claiming such delay has provided written notice to the other specifying the circumstances that the claiming party contends constitutes a Force Majeure Event.

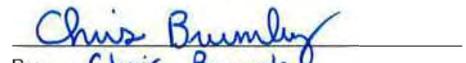
11.9 Disclosure. Under Oregon law, most agreements, promises, and commitments made by Lender concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Lender to be enforceable.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and effective for all purposes of the Effective Date.

LENDER:
Madras Redevelopment Commission

BORROWER:
Initiative Brewing, LLC,
an Oregon limited liability company


By: Gabriel Sulis
Its: MRC Chair


By: Chris Brumley
Its: owner / Brewmaster

City of Madras

Initiative Property Holdings, LLC,
an Oregon limited liability company


By: Mike Lepin
Its: Mayor


By: P. Ryan Churchill
Its: Owner / President

Appendix A
Definitions

“Advance(s)” means Loan amounts provided by Lender under this Agreement and the Note.

“Agreement” has the meaning assigned to such term in the preamble.

“Borrower” has the meaning assigned to such term in the preamble.

“Collateral” means the Property, the personal property and trade fixtures of the Brewery, and all other collateral described in the Trust Deed.

“Draw Period” means the period commencing from the later to occur of the following (a) the Effective Date and (b) the Land Use Decision (as defined in the Grant Agreement) becoming final and unappealable and ending on the sooner to occur of the following (y) issuance of the Certificate (as defined in the Grant Agreement) and (z) one year after the Effective Date.

“Draw Request(s)” means a written request for an Advance, which may only be made during the Draw Period, accompanied by contractor invoices for labor, materials, equipment, and/or services arising out of completion of the Improvements.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Event of Default” has the meaning assigned to such term under Section 10.1.

“Grant Agreement” means that certain Grant Agreement between Lender and Borrower of even date hereof.

“Guarantor” has the meaning assigned to such term under Section 4.

“Guaranty” has the meaning assigned to such term under Section 4.

“Law(s)” means all leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, ordinances, and regulations directly or indirectly concerning or affecting the Collateral (including, without limitation, the Property), Borrower, and/or the Loan, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder) (collectively, the “ADA”), any environmental laws, and any building and safety codes and zoning ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

“Lender” has the meaning assigned to such term in the preamble.

“Lender Representative(s)” means Lender and its successors, assigns, and affiliates, and all past, present, and future officers, employees, elected officials, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Loan” means the line of credit loan provided by Lender to Borrower under this Agreement.

“Loan Document(s)” means, individually and collectively, (a) this Agreement; (b) the Note; (c) the Trust Deed; (d) the Guaranty; and (e) such other documents and/or instruments as Lender may require from time to time.

“Note” means that certain Line of Credit Promissory Note in the principal amount of \$600,000.00 dated as of the Effective Date made by Borrower in favor of Lender as it may be modified, extended, or replaced from time to time.

“Permitted Encumbrance(s)” means the following: (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary; (b) any lien, mortgage, pledge, security interest, or other Encumbrance arising by operation of law for taxes, assessments, or government charges not yet due; and (c) the Encumbrances created by the Prior Trust Deeds.

“Prior Trust Deeds” means the lien of senior lenders acceptable to Lender or any junior lender to which Lender agrees to subordinate its Trust Deed.

“Property” has the meaning assigned to such term in Recital A.

“Title Insurer” has the meaning assigned to such term under Section 6.

“Title Policy” has the meaning assigned to such term under Section 6.

“Transaction” means the line of credit loan transaction contemplated under this Agreement and the Loan Documents.

“Transfer” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, Encumbrance, foreclosure of an Encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Property for a period longer than thirty (30) days.

“Trust Deed” means that certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Borrower in favor of Lender.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

LINE OF CREDIT PROMISSORY NOTE

\$600,000.00

Effective Date: May 1, 2023

This Line of Credit Promissory Note (this “Note”) is made by Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon (“IPH”) and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 (“IB”, IPH and IB are individually and collectively, “Maker”), in favor of the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, “Holder”), whose address is 125 SW “E” Street, Madras, Oregon 97741.

1. Payment. Maker promises to pay to the order of Holder in immediately available funds the principal amount of \$600,000.00, or, if less, the aggregate unpaid principal amount of all advances made by Holder to Maker pursuant to the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of even date hereof between Maker and Holder (the “Loan Agreement”), together with interest on the unpaid amount in accordance with Section 3, below, in equal monthly payments of principal and accrued interest on the unpaid principal amount (i.e. fully amortizing) from the Repayment Commencement Date (as defined below). The first payment is due on the first day of the month immediately following the Repayment Commencement Date and subsequent payments are due on the same day of each following month until the sooner to occur of the following: (a) Borrower makes a total of one hundred and twenty (120) months/payments, or (b) June 1, 2034 (as applicable, the “Maturity Date”). Upon the Maturity Date, the unpaid principal amount, together with accrued interest, is immediately due in its entirety. All payments under this Note will be made to Holder at Holder’s address first set forth above or any other address that Holder may designate by written notice to Maker. Within thirty (30) days after the Repayment Commencement Date, Holder will provide Maker a payment schedule containing the due date and amount of each payment; provided, however, Holder’s failure to provide Maker a payment schedule will not relieve Maker of Maker’s payment and performance obligations contained in this Note and/or the Loan Documents.

2. Requests for Advances; Accounting Statement. The loan amount may be advanced in multiple disbursements. Maker must make requests for advances to Holder in writing and in accordance with the Loan Agreement. Maker is liable to Holder for any amount advanced to Maker. Holder may, from time to time, deliver to Maker a written accounting statement that sets forth the following information: (a) the date and amount of each advance made by Holder to Maker; (b) the interest rate applicable to each advance; (c) the date and amount of each payment made by Maker to Holder; and (d) the unpaid principal amount (including accrued but unpaid interest) as of a specified date. The information set forth in an accounting statement will be binding on Maker unless Maker delivers to Holder a written objection within ten (10) days after the delivery of the accounting statement and the objection specifies in reasonable detail the facts giving rise to the objection.

3. Interest; Late Charges. Commencing on the date of each advance, interest on the unpaid principal amount will accrue at the annual rate of five and one-half percent (5.5%). On and after an Event of Default (as defined below), (a) all accrued interest will become part of the unpaid principal amount, and (b) Maker will pay interest on the unpaid principal amount at the annual rate of twelve percent (12.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$50.00 per day will be immediately due and payable until the delinquent payment is paid in full. Maker acknowledges and agrees that the foregoing late charge is a reasonable estimate of Holder's damages for Maker's late payment.

4. Repayment Commencement Date. The line of credit provided by this Note is for the purpose of supporting the construction and development costs for a brewery (the "Brewery") operated by Maker on the property addressed as 715 SW 4th Street, Madras, Oregon (the "Property"). Maker must commence repaying the unpaid principal amount, and any interest accruing thereon, thirty (30) days after issuance of a certificate of occupancy for the Brewery, but in no event later than June 30, 2024 (the "Repayment Commencement Date").

5. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time, without penalty. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

6. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Loan Agreement. Maker's obligations under this Note are guaranteed or secured by that certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Maker in favor of Holder (the "Trust Deed") and the personal guaranty of Initiative Brewing, LLC, Ryan Churchill and Chris Brumley (individually and collectively, "Guarantor").

7. Event of Default. Regardless of whether the Repayment Commencement Date has occurred, the occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an "Event of Default"): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker's financial condition and/or Maker's ability to make any payment required under this Note; (c) Maker and/or Guarantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's and/or Guarantor's debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (d) a proceeding with respect to Maker, Guarantor, the Brewery, and/or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; (e) Holder determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Maker and/or Holder deems itself insecure with respect to the payment or performance of any obligations of Maker to Holder; (f) the death of any Guarantor; and/or (g) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of Maker. For purposes of this Note, the term "Loan Document(s)" means, individually and collectively, (v) the Loan Agreement; (w) the Trust Deed; (x) this Note; (y) the personal guaranty of Ryan Churchill and/or Chris Brumley; and (z) all other agreements and/or instruments evidencing, guaranteeing, and/or securing the performance of any of Maker's obligations under this Note.

8. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement securing the performance of any of the obligations of Maker; and/or (d) any other remedy available to Holder at law or in equity.

9. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired.

10. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11. Attorney's Fees; Costs and Expenses. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

12. Legal Representation; Notices; Joint and Several. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Note (and any document referenced herein) or has knowingly waived his or her right to do so. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. All representations made by Maker under this Note are made by the undersigned. If Maker is comprised of two or more parties, all such parties shall be jointly and severally responsible for the obligations and liabilities of Maker under this Note.

13. Authority. The signing and delivery of this Note by Maker and the performance by Maker of all Maker's obligations under this Note will not (a) breach any agreement to which Maker is a party, or give any person the right to accelerate any obligation of Maker; (b) violate any law, judgment, or order to which Maker is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Holder that the undersigned is authorized to execute this Note on behalf of Maker and, once signed, this Note will be valid and binding upon Maker.

14. Waiver of Jury Trial. **MAKER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST MAKER IN RESPECT TO THIS NOTE OR THE SECURITY AGREEMENT.** Maker hereby agrees that this Note constitutes a written consent to waiver of trial by jury, and Maker does hereby constitute and appoint Holder its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Maker does hereby authorize and empower Holder, in the name, place and stead of Maker, to file this Note with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury.

15. Disclosure. Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Holder to be enforceable.

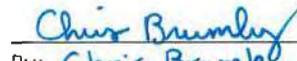
MAKER:

Initiative Property Holdings, LLC,
an Oregon limited liability company



By: P. Ryan Churchill
Its: Owner / President

Initiative Brewing, LLC,
an Oregon limited liability company



By: Chris Brumley
Its: Owner / Brewmaster

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Ryan Churchill ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Initiative Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)": (a) that certain Line of Credit Promissory Note in the principal amount of \$600,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

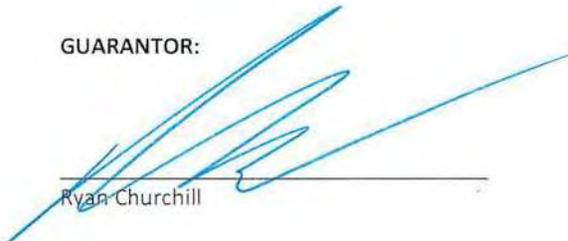
Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision

or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: May 1, 2023

GUARANTOR:



Ryan Churchill

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Chris Brumley ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)"): (a) that certain Line of Credit Promissory Note in the principal amount of \$600,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision

or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: May 1, 2023

GUARANTOR:


Chris Brumley

Exhibit B
Promissory Note

[attached]



\$196.00

00157217202300010690180189

04/17/2023 10:55:21 AM

After recording, return to:

M-LC Cnt=4 Stn=24 KELI POLLOCK
\$90.00 \$15.00 \$11.00 \$60.00 \$10.00 \$10.00

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into on May 1, 2023 (the "Effective Date"), by Initiative Property Holdings, LLC, an Oregon limited liability company ("Grantor"), whose address is 715 SW 4th Street, Madras, Oregon 97741, in favor of Western Title & Escrow Company ("Trustee"), whose address is 60 SE 6th Street, Madras, Oregon 97741, for the benefit of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument is \$600,000.00.

Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is June 1, 2034.

The tax parcel number for the real property subject to this instrument is Account No.: 9703 and Map No.: 111311DA09500.

RECITAL:

Beneficiary and Grantor entered into that certain Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement dated as of the Effective Date (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan up to a maximum principal amount of \$600,000.00, which loan is evidenced by a certain Line of Credit Promissory Note dated as of the Effective Date as it may be modified, extended, or replaced from time to time (the "Note"). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter 86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term "instrument" has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all Grantor's right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee's or Beneficiary's request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor's rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor's liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant's Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant's Lease, to the Obligations, or to any other commercially reasonable purpose; (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose; and (c) enforce Beneficiary's rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary's rights under the Leases, together with all prepaid rents and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants, on a joint and several basis, to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor is a duly organized and validly existing limited liability company under the laws of the State of Oregon. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor; (b) violate any law, judgment, or order to which Grantor is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Beneficiary that the undersigned is authorized to execute this Trust Deed on behalf of Grantor and, once signed, this Trust Deed will be valid and binding upon Grantor.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable land use regulations. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Grantor owns legal title to the Trust Property free from all encumbrances except the Encumbrances created by the Permitted Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal name of Grantor is Initiative Property Holdings, LLC, an Oregon limited liability company.

4.6 Leases. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee's and Beneficiary's rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary's prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will timely pay all charges, costs, and expenses related to or concerning (whether directly or indirectly) the Trust Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with Grantor's ownership, use, occupancy, maintenance, improvement, and/or repair of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor's business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor's legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor's obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor's own cost and expense, use commercially reasonable efforts to: (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary's rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary's request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood

Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary; (b) name Beneficiary as a loss payee; and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all Grantor's assets.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice, Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor; (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense; and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice Grantor may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding with counsel reasonably satisfactory to Beneficiary; (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense; and (3) Grantor may settle the

matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section 8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive compensation equal to all amounts owed or owing arising out of and/or under the Loan Documents as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a) Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an "Event of Default"): (a) Grantor fails to make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within fourteen (14) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor's debts as they become due, or makes a general assignment for the benefit of creditors; (i) a proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) Beneficiary determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Grantor or in any Trust Property and/or Beneficiary deems itself insecure with respect to the payment or performance of any obligations of Grantor to Beneficiary; (l) the death of the last Grantor; and/or (m) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor's and/or any guarantor's financial condition and/or Grantor's and/or any guarantor's ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease, (2) collect and receive the rents and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary's rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all Grantor's rights under the Tenant's Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property; (b) make ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings; (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries; (d) enter into a lease of all or any portion of the Trust Property; (e) insure the Trust Property against damage or loss; (f) borrow and advance money for the protection of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property; (g) pay, contest, and/or settle any claim relating to the Trust Property; (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property; (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations; (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property; and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative may take to perfect or continue Trustee's and/or Beneficiary's rights under this Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of

Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Legal Representation; Attorney Fees. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Trust Deed (and any document referenced herein) or has knowingly waived the right to do so. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous

negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary's sole discretion. For purposes of this Trust Deed, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments; Joint and Several. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed. Notwithstanding anything contained in this Trust Deed to the contrary, all Grantor representations, warranties, covenants, and obligations made by Grantor under this Trust Deed are made by each person constituting Grantor on a joint and several basis.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

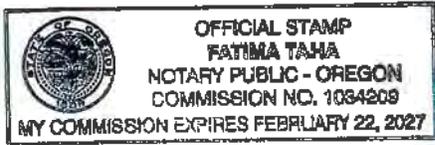
[end of instrument – signature page immediately follows]

IN WITNESS WHEREOF, the undersigned have caused this Trust Deed to be duly executed on the date first written above and effective for all purposes of the Effective Date.

GRANTOR:

Initiative Property Holdings, LLC,

an Oregon limited liability company



Chris Brumley
By: Christopher Dean Brumley
Its: Owner

State of Oregon)
) ss.
County of Jefferson)

The forgoing instrument was acknowledged before me on April 17, 2023
by Christopher Brumley as the Owner of Initiative Property Holdings, LLC.

Before me:

Fatima Taha
Notary Public for Oregon

Appendix A
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each member, manager, or officer of Grant and any knowledge that such individual(s) would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) the Agreement; (b) this Trust Deed; (c) the Note; and (d) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Line of Credit Promissory Note of even date hereof in the principal amount of \$600,000.00 made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all Grantor’s obligations arising out of or under (a) the Note; (b) the Agreement; (c) this Trust Deed; and/or (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any Grantor obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, and (b) any lien, mortgage, pledge, security interest, or other Encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 715 SW 4th Street, Madras, Oregon and more particularly described on the attached Exhibit A.

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all Grantor’s right, title, and interest in and to the Real Property, together with the following:

(a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;

(b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;

(c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;

(d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;

(e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;

(f) all Grantor rights, titles, and interests now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Real Property (all the foregoing being collectively referred to below as the “Improvements”);

(g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;

(h) all Grantor rights, titles, and interests in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

(i) all Grantor rights in and to any escrow or withhold agreements, title insurance, surety bonds, warranties, management contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, sale, and/or use of all or any portion of the Real Property or any of the Improvements;

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

Exhibit C
Trust Deed

[attached]

This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

LINE OF CREDIT PROMISSORY NOTE

\$600,000.00

Effective Date: May 1, 2023

This Line of Credit Promissory Note (this “Note”) is made by Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon (“IPH”) and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 (“IB”, IPH and IB are individually and collectively, “Maker”), in favor of the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, “Holder”), whose address is 125 SW “E” Street, Madras, Oregon 97741.

1. Payment. Maker promises to pay to the order of Holder in immediately available funds the principal amount of \$600,000.00, or, if less, the aggregate unpaid principal amount of all advances made by Holder to Maker pursuant to the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of even date hereof between Maker and Holder (the “Loan Agreement”), together with interest on the unpaid amount in accordance with Section 3, below, in equal monthly payments of principal and accrued interest on the unpaid principal amount (i.e. fully amortizing) from the Repayment Commencement Date (as defined below). The first payment is due on the first day of the month immediately following the Repayment Commencement Date and subsequent payments are due on the same day of each following month until the sooner to occur of the following: (a) Borrower makes a total of one hundred and twenty (120) months/payments, or (b) June 1, 2034 (as applicable, the “Maturity Date”). Upon the Maturity Date, the unpaid principal amount, together with accrued interest, is immediately due in its entirety. All payments under this Note will be made to Holder at Holder’s address first set forth above or any other address that Holder may designate by written notice to Maker. Within thirty (30) days after the Repayment Commencement Date, Holder will provide Maker a payment schedule containing the due date and amount of each payment; provided, however, Holder’s failure to provide Maker a payment schedule will not relieve Maker of Maker’s payment and performance obligations contained in this Note and/or the Loan Documents.

2. Requests for Advances; Accounting Statement. The loan amount may be advanced in multiple disbursements. Maker must make requests for advances to Holder in writing and in accordance with the Loan Agreement. Maker is liable to Holder for any amount advanced to Maker. Holder may, from time to time, deliver to Maker a written accounting statement that sets forth the following information: (a) the date and amount of each advance made by Holder to Maker; (b) the interest rate applicable to each advance; (c) the date and amount of each payment made by Maker to Holder; and (d) the unpaid principal amount (including accrued but unpaid interest) as of a specified date. The information set forth in an accounting statement will be binding on Maker unless Maker delivers to Holder a written objection within ten (10) days after the delivery of the accounting statement and the objection specifies in reasonable detail the facts giving rise to the objection.

3. Interest; Late Charges. Commencing on the date of each advance, interest on the unpaid principal amount will accrue at the annual rate of five and one-half percent (5.5%). On and after an Event of Default (as defined below), (a) all accrued interest will become part of the unpaid principal amount, and (b) Maker will pay interest on the unpaid principal amount at the annual rate of twelve percent (12.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$50.00 per day will be immediately due and payable until the delinquent payment is paid in full. Maker acknowledges and agrees that the foregoing late charge is a reasonable estimate of Holder's damages for Maker's late payment.

4. Repayment Commencement Date. The line of credit provided by this Note is for the purpose of supporting the construction and development costs for a brewery (the "Brewery") operated by Maker on the property addressed as 715 SW 4th Street, Madras, Oregon (the "Property"). Maker must commence repaying the unpaid principal amount, and any interest accruing thereon, thirty (30) days after issuance of a certificate of occupancy for the Brewery, but in no event later than June 30, 2024 (the "Repayment Commencement Date").

5. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time, without penalty. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

6. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Loan Agreement. Maker's obligations under this Note are guaranteed or secured by that certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Maker in favor of Holder (the "Trust Deed") and the personal guaranty of Initiative Brewing, LLC, Ryan Churchill and Chris Brumley (individually and collectively, "Guarantor").

7. Event of Default. Regardless of whether the Repayment Commencement Date has occurred, the occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an "Event of Default"): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker's financial condition and/or Maker's ability to make any payment required under this Note; (c) Maker and/or Guarantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's and/or Guarantor's debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (d) a proceeding with respect to Maker, Guarantor, the Brewery, and/or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; (e) Holder determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Maker and/or Holder deems itself insecure with respect to the payment or performance of any obligations of Maker to Holder; (f) the death of any Guarantor; and/or (g) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of Maker. For purposes of this Note, the term "Loan Document(s)" means, individually and collectively, (v) the Loan Agreement; (w) the Trust Deed; (x) this Note; (y) the personal guaranty of Ryan Churchill and/or Chris Brumley; and (z) all other agreements and/or instruments evidencing, guaranteeing, and/or securing the performance of any of Maker's obligations under this Note.

8. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement securing the performance of any of the obligations of Maker; and/or (d) any other remedy available to Holder at law or in equity.

9. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired.

10. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11. Attorney's Fees; Costs and Expenses. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

12. Legal Representation; Notices; Joint and Several. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Note (and any document referenced herein) or has knowingly waived his or her right to do so. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. All representations made by Maker under this Note are made by the undersigned. If Maker is comprised of two or more parties, all such parties shall be jointly and severally responsible for the obligations and liabilities of Maker under this Note.

13. Authority. The signing and delivery of this Note by Maker and the performance by Maker of all Maker's obligations under this Note will not (a) breach any agreement to which Maker is a party, or give any person the right to accelerate any obligation of Maker; (b) violate any law, judgment, or order to which Maker is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Holder that the undersigned is authorized to execute this Note on behalf of Maker and, once signed, this Note will be valid and binding upon Maker.

14. Waiver of Jury Trial. **MAKER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST MAKER IN RESPECT TO THIS NOTE OR THE SECURITY AGREEMENT. Maker hereby agrees that this Note constitutes a written consent to waiver of trial by jury, and Maker does hereby constitute and appoint Holder its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Maker does hereby authorize and empower Holder, in the name, place and stead of Maker, to file this Note with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury.**

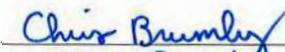
15. Disclosure. Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Holder to be enforceable.

MAKER:

Initiative Property Holdings, LLC,
an Oregon limited liability company


By: P. Ryan Churchill
Its: owner / president

Initiative Brewing, LLC,
an Oregon limited liability company


By: Chris Brumley
Its: owner / Brewmaster

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Ryan Churchill ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Initiative Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)"): (a) that certain Line of Credit Promissory Note in the principal amount of \$600,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

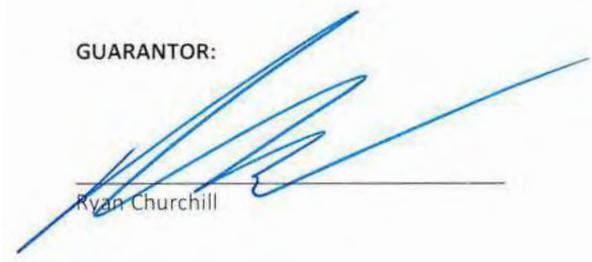
Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision

or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: May 1, 2023

GUARANTOR:



Ryan Churchill

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Chris Brumley ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)"): (a) that certain Line of Credit Promissory Note in the principal amount of \$600,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision

or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: May 1, 2023

GUARANTOR:


Chris Brumley



\$196.00

00157217202300010690180189

04/17/2023 10:55:21 AM

After recording, return to:

M-LC Cnt=4 Stn=24 KELI POLLOCK
\$90.00 \$15.00 \$11.00 \$60.00 \$10.00 \$10.00

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into on May 1, 2023 (the "Effective Date"), by Initiative Property Holdings, LLC, an Oregon limited liability company ("Grantor"), whose address is 715 SW 4th Street, Madras, Oregon 97741, in favor of Western Title & Escrow Company ("Trustee"), whose address is 60 SE 6th Street, Madras, Oregon 97741, for the benefit of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument is \$600,000.00.

Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is June 1, 2034.

The tax parcel number for the real property subject to this instrument is Account No.: 9703 and Map No.: 111311DA09500.

RECITAL:

Beneficiary and Grantor entered into that certain Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement dated as of the Effective Date (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan up to a maximum principal amount of \$600,000.00, which loan is evidenced by a certain Line of Credit Promissory Note dated as of the Effective Date as it may be modified, extended, or replaced from time to time (the "Note"). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter 86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term "instrument" has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all Grantor's right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee's or Beneficiary's request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor's rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor's liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant's Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant's Lease, to the Obligations, or to any other commercially reasonable purpose; (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose; and (c) enforce Beneficiary's rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary's rights under the Leases, together with all prepaid rents and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants, on a joint and several basis, to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor is a duly organized and validly existing limited liability company under the laws of the State of Oregon. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor; (b) violate any law, judgment, or order to which Grantor is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Beneficiary that the undersigned is authorized to execute this Trust Deed on behalf of Grantor and, once signed, this Trust Deed will be valid and binding upon Grantor.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable land use regulations. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Grantor owns legal title to the Trust Property free from all encumbrances except the Encumbrances created by the Permitted Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal name of Grantor is Initiative Property Holdings, LLC, an Oregon limited liability company.

4.6 Leases. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a “foreign person” for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee’s and Beneficiary’s rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary’s prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will timely pay all charges, costs, and expenses related to or concerning (whether directly or indirectly) the Trust Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with Grantor’s ownership, use, occupancy, maintenance, improvement, and/or repair of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor’s business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor’s legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor’s obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor’s own cost and expense, use commercially reasonable efforts to: (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary’s rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary's request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood

Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary; (b) name Beneficiary as a loss payee; and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all Grantor's assets.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice, Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor; (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense; and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice Grantor may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding with counsel reasonably satisfactory to Beneficiary; (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense; and (3) Grantor may settle the

matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section 8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive compensation equal to all amounts owed or owing arising out of and/or under the Loan Documents as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a) Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an “Event of Default”): (a) Grantor fails to make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within fourteen (14) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor’s debts as they become due, or makes a general assignment for the benefit of creditors; (i) a proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) Beneficiary determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Grantor or in any Trust Property and/or Beneficiary deems itself insecure with respect to the payment or performance of any obligations of Grantor to Beneficiary; (l) the death of the last Grantor; and/or (m) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor’s and/or any guarantor’s financial condition and/or Grantor’s and/or any guarantor’s ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant’s Lease, (2) collect and receive the rents and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary’s rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all Grantor’s rights under the Tenant’s Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property; (b) make ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings; (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries; (d) enter into a lease of all or any portion of the Trust Property; (e) insure the Trust Property against damage or loss; (f) borrow and advance money for the protection of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property; (g) pay, contest, and/or settle any claim relating to the Trust Property; (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property; (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations; (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property; and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative may take to perfect or continue Trustee's and/or Beneficiary's rights under this Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of

Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Legal Representation; Attorney Fees. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Trust Deed (and any document referenced herein) or has knowingly waived the right to do so. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous

negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary's sole discretion. For purposes of this Trust Deed, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments; Joint and Several. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed. Notwithstanding anything contained in this Trust Deed to the contrary, all Grantor representations, warranties, covenants, and obligations made by Grantor under this Trust Deed are made by each person constituting Grantor on a joint and several basis.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

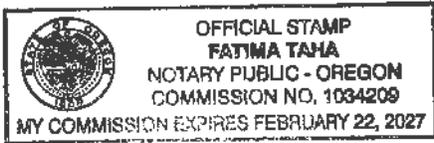
[end of instrument – signature page immediately follows]

IN WITNESS WHEREOF, the undersigned have caused this Trust Deed to be duly executed on the date first written above and effective for all purposes of the Effective Date.

GRANTOR:

Initiative Property Holdings, LLC,

an Oregon limited liability company



Chris Brumley
By: Christopher Dean Brumley
Its: Owner

State of Oregon)
) ss.
County of Jefferson)

The forgoing instrument was acknowledged before me on April 17, 2023
by Christopher Brumley as the Owner of Initiative Property Holdings, LLC.

Before me:

Fatima Tahar
Notary Public for Oregon

Appendix A
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each member, manager, or officer of Grant and any knowledge that such individual(s) would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) the Agreement; (b) this Trust Deed; (c) the Note; and (d) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Line of Credit Promissory Note of even date hereof in the principal amount of \$600,000.00 made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all Grantor’s obligations arising out of or under (a) the Note; (b) the Agreement; (c) this Trust Deed; and/or (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any Grantor obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, and (b) any lien, mortgage, pledge, security interest, or other Encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 715 SW 4th Street, Madras, Oregon and more particularly described on the attached Exhibit A.

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all Grantor’s right, title, and interest in and to the Real Property, together with the following:

(a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;

(b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;

(c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;

(d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;

(e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;

(f) all Grantor rights, titles, and interests now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Real Property (all the foregoing being collectively referred to below as the “Improvements”);

(g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;

(h) all Grantor rights, titles, and interests in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

(i) all Grantor rights in and to any escrow or withhold agreements, title insurance, surety bonds, warranties, management contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, sale, and/or use of all or any portion of the Real Property or any of the Improvements;

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

GRANT AGREEMENT

This Grant Agreement (this "Agreement") is made and entered into effective on May 1, 2023 (the "Effective Date") between Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon ("IPH") and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 ("IB", IPH and IB are individually and collectively, "Grantee"), and City of Madras, an Oregon municipal corporation ("City") and the Urban Renewal Agency of the City of Madras, acting by and through the Madras Redevelopment Commission ("MRC", City and MRC are collectively, "Granting Agencies"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

RECITALS:

A. MRC established the Madras Urban Renewal District ("District") in 2003 to remove "blight" (as defined in the 2003 Madras Urban Renewal Plan (the "2003 Plan")) conditions within District's renewal area, which blight conditions include, without limitation, properties that are vacant, underutilized, unproductive, and/or void of investment.

B. The 2016 Urban Renewal Action Plan ("2016 Plan") includes "recruit brewery and/or restaurants" as Project B, the second highest priority amongst projects identified in the 2016 Plan.

C. City has separate funds to support economic development projects within City.

D. Grantee intends to renovate an approximately 9,466 square foot vacant and underutilized building to locate brewing operations and a pub (collectively, the "Brewery") on certain real property located within the renewal area commonly known as 715 SW 4th Street, Madras, Oregon and more particularly described on the attached Exhibit A (individually and collectively, the "Property").

E. Subject to the terms and conditions contained in this Agreement, Granting Agencies will grant Grantee a total of \$300,000.00 in financial assistance to assist with Grantee with construction and development costs for the Brewery. This Agreement is being entered into by the parties after the Land Use Decision has been made final and non-appealable.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms used in this Agreement have the meanings assigned to them in the attached Appendix A.

2. Project Grant.

2.1 Subject to the terms and conditions contained in this Agreement, Granting Agencies grant to Grantee a conditional, grant (individually and collectively, the "Grant") of \$300,000.00, consisting of \$100,000 from City and \$200,000 from MRC (collectively, the "Grant Funds"), to assist Grantee with the costs and expenses Grantee incurs to construct and complete the Project. Grantee will use the Grant Funds solely for the Project and no other purposes. Grantee acknowledges and agrees that Granting Agencies would not have entered into this Agreement with Grantee (and granted Grantee the Grant Funds) but for Grantee's agreement to construct and complete the Project, and operate the resulting Brewery, in accordance with this Agreement.

2.2 Subject to the terms and conditions contained in this Agreement, and provided Grantee is not then in breach of any provision of this Agreement, Granting Agencies will disburse the Grant Funds to

Grantee in six equal disbursements of \$50,000.00 each (individually and collectively, "Disbursement(s)"). Subject to the terms and conditions contained in this Agreement, Granting Agencies will disburse the Grant Funds in accordance with the following schedule:

2.2.1 Granting Agencies will make the first Disbursement within thirty (30) days after the later to occur of the following (a) Granting Agencies receive written notification that Grantee has acquired fee simple title to the Property and (b) the Land Use Decision becoming final and unappealable.

2.2.2 Granting Agencies will make four (4) additional Disbursements within thirty (30) days after Grantee provides invoices, receipts, and other evidence reasonably acceptable to Granting Agencies that Grantee has expended \$300,000, \$600,000, \$900,000, and \$1,200,000 respectively in direct construction costs for the Project.

2.2.3 Granting Agencies will make the final Disbursement within thirty (30) days after Grantee provides written notification that Grantee has acquired the Certificate.

Each Disbursement will be made to Grantee at Grantee's address first set forth above or any other address that Grantee may designate by thirty (30) days' prior written notice to Granting Agencies. No interest will accrue on the undisbursed Grant Funds.

3. General Grant Conditions. Notwithstanding anything contained in this Agreement to the contrary, Granting Agencies' obligation to disburse all or any portion of the Grant Funds is conditioned on the following: (a) Grantee's compliance with the Land Use Decision; (b) Grantee's timely performance and compliance with the terms and conditions contained in this Agreement, including, without limitation, the terms and conditions provided under Section 4; (c) Grantee's timely payment in full of all Jefferson County ad valorem taxes and personal property taxes; (d) Grantee obtaining and maintaining a valid business license from City; and (e) Grantee's compliance with the Laws. Grantee will assist and cooperate with any investigation and/or evaluation Granting Agencies may perform to determine Grantee's compliance with this Agreement.

4. Project Obligations. Notwithstanding anything contained in this Agreement to the contrary, Granting Agencies' obligation to disburse all or any portion of the Grant Funds is conditioned on Grantee's timely performance of the following, at Grantee's cost and expense:

4.1 Grantee will procure professionally-produced architectural and/or engineering plans and designs for the Project (collectively, the "Plans"), with a minimum of 9,466 square feet of floor area that includes space for brewing, commercial kitchen, dining room, and bathrooms, and a budget for the Project based on the Plans satisfactory to Granting Agencies within ninety (90) days after the Effective Date. Granting Agencies approval of the Plans are solely to protect the interests of Granting Agencies and are not a representation or warranty as to the accuracy, completeness, or suitability of the Plans for any purpose.

4.2 Grantee will provide evidence of Project financing satisfactory to Granting Agencies within ninety (90) days after the Effective Date.

4.3 Grantee will close on the purchase of the Property within ninety (90) days after the Effective Date.

4.4 Grantee will submit complete applications for all applicable land use approvals for the Project within ninety (90) days after the Effective Date.

4.5 Grantee will procure all applicable building permits for the Project within nine (9) months after the Effective Date. Grantee will commence construction of the Brewery within twelve (12) months after the Effective Date. Grantee will complete construction of the Project and obtain the Certificate no later than June 30, 2024. Grantee will open the Brewery for business no later than July 31, 2024.

4.6 Grantee will complete (or cause to be completed) the Project expeditiously and in a good workmanlike manner. Grantee will construct the Project subject to and in accordance with applicable permits and Laws. Grantee will timely pay for and obtain all labor, materials, equipment, tools, machinery, transportation, permits, licenses, inspections, design services, approvals, and all other services, items, and/or materials necessary for proper completion of the Project.

4.7 Granting Agencies make no representations or warranties that the Grant Funds are sufficient for the costs of the Project or any particular portion thereof. To the extent that the Grant Funds are insufficient to pay for completion of the Project, or any portion thereof, Grantee will be responsible for payment of the deficiency.

4.8 Grantee will timely make all payments, and satisfy all other obligations, under the Loan Documents.

5. Post-Project Obligations. Notwithstanding anything contained in this Agreement to the contrary, Grantee's right to retain the Grant Funds is conditioned on Grantee's timely performance of the following until Grantee has fully repaid the loan under the Loan Documents, but in no event less than five (5) years commencing from issuance of the Certificate, at Grantee's cost and expense:

5.1 Grantee will own and operate the Brewery subject to and in accordance with the Laws.

5.2 Grantee will own and operate the Brewery as a welcoming, slightly-upscale family friendly brewery and pub where friends, family, and groups can meet and enjoy good beer, food, and service that creates a memorable and distinguished experience that inspires customers to come back time and time again

5.3 The Brewery will be open for business seven (7) days a week from at least 11:00 AM to 10:00 PM excluding state and federal holidays.

5.4 Grantee will implement a marketing plan that was developed and deemed acceptable by Granting Agencies prior to issuance of the Certificate.

5.5 Grantee will hire and retain experienced and capable employees for operation and management of the Brewery.

5.6 Grantee's owners and management staff must reasonably participate in and/or support the following: (a) governmental committees, (b) community groups and non-profit organizations, (c) other local businesses, and (d) local school districts.

5.7 Grantee will make the Brewery available for public events and activities such as parties, food drives, corporate events.

5.8 Grantee will maintain memberships with the Chamber of Commerce and Madras Downtown Association.

5.9 Grantee will participate in First Thursday events.

5.10 Grantee will timely make all payments, and satisfy all other obligations, under the Loan Documents.

6. Representations; Warranties; Covenants. In addition to any other Grantee representations, warranties, and covenants contained in this Agreement, Grantee represents, warrants, and covenants to Granting Agencies as follows: (a) Grantee has full power and authority to sign and deliver this Agreement and to perform all Grantee's obligations under this Agreement; (b) this Agreement is the legal, valid, and binding obligation of

Grantee, enforceable against Grantee in accordance with its terms; (c) no action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding is pending or threatened against Grantee; (d) Grantee has sufficient assets and net worth to ensure the timely and proper development, construction, ownership, and operation of the Project (to the extent applicable); and (e) Grantee will maintain and operate, at Grantee's cost and expense, the Brewery (interior and exterior) in good condition, repair, working order, and appearance and in accordance with the Laws.

7. Default; Indemnification.

7.1 Grantee will be in default under this Agreement if Grantee breaches and/or otherwise fails to perform any Grantee representation, warranty, covenant, and/or obligation under this Agreement or the Loan Documents and such breach and/or failure to perform is not cured within fourteen (14) days after written notice to Grantee specifying the nature of the breach and/or failure to perform. If Grantee defaults under this Agreement, (a) Granting Agencies will have no obligation to make any Disbursements and Grantee will immediately pay Granting Agencies the Grant Funds (to the extent disbursed through the default) plus interest at the rate of eight percent (8%) per annum from the date of each Disbursement to the date repayment of the Grant Funds (and accrued interest) is made in full to Granting Agencies, (b) if the Project is not then complete, Grantee will assign all right, title, and interest in the Plans to Granting Agencies and (c) Granting Agencies may pursue all remedies available under this Agreement, at law, and/or in equity (all available remedies are cumulative and may be exercised singularly or concurrently).

7.2 Grantee will defend, indemnify, and hold Granting Agencies and their respective Representatives harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) Grantee's development, construction, ownership, and/or operation of the Project; and/or (b) Grantee's breach and/or failure to perform any Grantee representation, warranty, and/or covenant contained in this Agreement.

8. Miscellaneous.

8.1 Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. This Agreement does not create an agency relationship between Granting Agencies and Grantee and does not establish a joint venture or partnership between Granting Agencies and Grantee. Grantee does not have the authority to bind Granting Agencies or represent to any person that Grantee is an agent of Granting Agencies. If any provision contained in this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if this Agreement did not contain the provision held to be invalid.

8.2 This Agreement, together with the Loan Documents, represents the complete, exclusive, and final understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement. No addition, modification, amendment, or alteration to this Agreement will be effective against the parties unless specifically agreed upon in writing and signed by the parties. This Agreement may be signed in counterparts. This Agreement is governed by and will be construed in accordance with the laws of the State of Oregon (without giving effect to any conflict-of-law principle of any jurisdiction), and venue for any action concerning this Agreement will lie in Jefferson County, Oregon. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will

be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

8.3 Any non monetary obligation of a party under this Agreement which is delayed or not performed due to Acts of God, strike, riot, shortages of labor or materials, war, pandemics, governmental laws, regulations or restrictions, governmental action or inaction, any moratorium or other limit on issuing building permits or certificates of occupancy, or any other causes of any kind whatsoever which are beyond a party's reasonable control (each a "Force Majeure Event"), shall not constitute a default, but shall be performed as soon as reasonably possible after the end of such cause for delay or nonperformance. No Force Majeure Event shall commence or be deemed to have occurred unless, within ten (10) days after the event constituting the Force Majeure Event commences, the party claiming such delay has provided written notice to the other specifying the circumstances that the claiming party contends constitutes a Force Majeure Event.

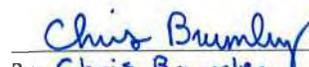
8.4 Grantee will not assign all or any part of Grantee's interest in this Agreement, the Grant, and/or Project without Granting Agencies' prior written consent, which consent will not be unreasonably conditioned, withheld, and/or delayed. If Granting Agencies consents to the assignment, the following will apply: (a) the terms and conditions of this Agreement will not be deemed waived or modified; (b) consent will not be deemed consent to any further assignment by Grantee or otherwise; and (c) the assignment will not modify, relieve, and/or eliminate any liability and/or obligations Grantee has under this Agreement. Grantee will pay all fees, costs, and expenses incurred in connection with Grantee's performance of its obligations under this Agreement. Subject to this Section 8.4, this Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and effective for all purposes as of the Effective Date.

GRANTEE:
Initiative Property Holdings, LLC,
an Oregon limited liability company


By: P. Ryan Churchill
Its: owner / president

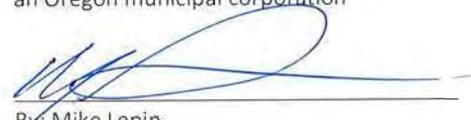
Initiative Brewing, LLC,
an Oregon limited liability company


By: Chris Brumley
Its: owner / Brewmaster

MRC:
Urban Renewal Agency of the City of Madras, acting
by and through the Madras Redevelopment
Commission


By: Gabriel Soliz
Its: Chair

CITY:
City of Madras,
an Oregon municipal corporation


By: Mike Lepin
Its: Mayor

Appendix A
Definitions

“2003 Plan” has the meaning assigned to such term in Recital A.

“2016 Plan” has the meaning assigned to such term in Recital B.

“Agreement” has the meaning assigned to such term in the preamble.

“Brewery” has the meaning assigned to such term in Recital C.

“Certificate” means the Certificate of Occupancy for the Brewery issued by the Jefferson County Building Official.

“City” means City of Madras, Oregon.

“Disbursement(s)” has the meaning assigned to such term in Section 2.2.

“District” has the meaning assigned to such term in Recital A.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means all federal, state, and/or local statutes, regulations, and/or ordinances, and/or any judicial or other governmental order pertaining to the protection of health, safety, and/or the environment;

“Force Majeure Event” has the meaning assigned to such term in Section 8.3.

“Grant” has the meaning assigned to such term in Section 2.1.

“Grantee” has the meaning assigned to such term in the preamble.

“Grant Funds” has the meaning assigned to such term in Section 2.1.

“Land Use Decision” means all applicable land use approvals issued by City necessary to pursue the Project.

“Law(s)” means all federal, state, and local laws, statutes, ordinances, orders, codes, rules, and/or regulations directly or indirectly affecting the Project and/or Brewery, including, without limitation, City ordinances and regulations (e.g., City’s zoning and sign regulations), the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), and Environmental Laws, all as now in force and/or which may hereafter be amended, modified, enacted, and/or promulgated.

“Loan Documents” means that certain Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement and Trust Deed between MRC and Grantee of even date hereof

“MRC” has the meaning assigned to such term in the preamble.

“Plans” has the meaning assigned to such term in Section 4.1.

“Project” means the development, construction, and completion of the Brewery and satisfaction of all conditions of approval under the Land Use Decision.

“Property” has the meaning assigned to such term in Recital C.

“Representative(s)” means the officers, employees, and agents of the identified person.

Exhibit A
Property Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

**MADRAS REDEVELOPMENT COMMISSION – SECOND URBAN RENEWAL LINE OF CREDIT LOAN
AGREEMENT**

This Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement (this “Agreement”) is made and entered effective on December 1, 2023 (the “Effective Date”) between Madras Redevelopment Commission and the City of Madras (collectively, “Lender”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon (“IPH”) and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 (“IB”, IPH and IB are individually and collectively, “Borrower”).

RECITALS:

A. IPH owns certain real property (and all improvements located thereon) located at 715 SW 4th Street, Madras, Oregon, which real property is more particularly described on the attached Exhibit A (collectively, the “Property”).

B. Subject to the terms and conditions contained in this Agreement, Borrower desires to take out a second loan from Lender in upwards of \$300,000.00 for construction and development costs for a brewery and pub (collectively, the “Brewery”) to be operated by IB on the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the attached Appendix A.

2. Line of Credit Loan. Subject to the terms and conditions contained in this Agreement, Lender will loan to Borrower and Borrower will borrow from Lender the maximum sum of \$300,000.00 pursuant to a line of credit (the “Loan”). The Loan will be evidenced by the Note attached hereto as Exhibit B. The Loan will be paid in accordance with the terms of the Note.

3. Loan Purpose; Operation of Business; Reporting.

3.1 Loan Purpose. Lender will disburse the Loan to Borrower for Borrower’s construction and development of the Brewery. Borrower must use the Loan solely for direct expenses associated with construction and development of the Brewery. Borrower will provide Lender evidence to Lender’s satisfaction demonstrating application of Loan proceeds consistent with this Agreement. For the avoidance of doubt, no portion of the Loan proceeds may be paid to Borrower or any member, manager, officer, or affiliate of Borrower as compensation, distributions, profits, consulting fees, loan repayment, or any similar arrangement.

3.2 Operation of Business. For so long as this Agreement is effective, Borrower will timely pay all taxes and assessments, of any nature, associated with Borrower, Operator, the Brewery, and/or the Property. During the term of the Agreement, Borrower will operate the Brewery in compliance with all applicable Laws and in a reasonable and prudent manner, including, without

limitation, maintaining the Property in a clean and attractive appearance (including, without limitation, all sidewalks, parking areas, entryways, lobbies, bathrooms, theaters, and other areas used by the public or visible from a street). During the term of the Agreement, Borrower will operate the Brewery in a manner consistent with the Grant Agreement.

3.3. Reporting. During the term of the Agreement, Borrower must provide quarterly (based on calendar year) written reports to Lender that include: (a) an itemization of all expenditures from Loan proceeds during the applicable quarter if any; (b) status of construction of the Brewery to the extent not complete; (c) profit and loss statement for the applicable quarter following opening of the Brewery; and (d) and such other information as Lender may reasonably request to evaluate compliance with this Agreement. Quarterly reports will be due no less than fifteen (15) days after the end of the applicable quarter. Lender may require Borrower to deliver an oral presentation of any quarterly report at a meeting of the Madras Redevelopment Commission, Madras City Council, or both.

4. Lender Security. Borrower's obligations to Lender concerning the Loan will be secured by a perfected security interest in the Collateral and by the personal guaranties (individually and collectively, the "Guaranty") of Operator, Ryan Churchill, and Chris Brumley (individually and collectively, "Guarantor"). Lender's security interest in the Collateral will be evidenced by the Trust Deed attached as Exhibit C, which will be recorded. Borrower will execute and deliver all Loan Documents that Lender may require concerning the Transaction. All Loan Documents will be in form and substance acceptable to Lender.

5. Prior Trust Deeds. The Trust Deed will be subordinate only to the Prior Trust Deeds. Borrower will not increase or cause the increase of the indebtedness evidenced or secured by any Prior Trust Deed without Lender's prior written consent. Borrower will timely pay and perform all of Borrower's obligations arising out of or under the Prior Trust Deeds (and/or any related agreements or instruments). If Borrower receives any notice of default arising out of or under the Prior Trust Deeds (and/or any related agreements or instruments), Borrower will immediately deliver a copy of the default notice to Lender. Lender may cure any Borrower default under the Prior Trust Deeds (and/or any related agreements or instruments) without waiving Borrower's default under this Agreement. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, late charges, penalties, and additional interest, resulting from or arising out of, whether directly or indirectly, the Prior Trust Deeds (and/or any related agreements or instruments).

6. Conditions Precedent to Disbursement. Lender will not be obligated to disburse any Loan proceeds to Borrower unless and until each of the following conditions have been satisfied or waived by Lender: (a) Lender has received a commitment from a title insurance company (the "Title Insurer") acceptable to Lender to issue to Lender a lender's title insurance policy (the "Title Policy") in the principal amount of \$300,000.00 in such form and with such endorsements as may be required by Lender, insuring that Borrower holds fee simple title to the Property and that the Trust Deed is, and will continue to be, an Encumbrance against the Property prior to and paramount to all Encumbrances of any nature or kind whatsoever except the Encumbrance(s) created by the Permitted Encumbrance(s) and such other Encumbrance(s) which Lender approves prior in writing; (b) Lender must have received fully executed originals of the Loan Documents; (c) Lender must have received such environmental studies and reports as Lender may require, each of which must be satisfactory to Lender; (d) all required insurance (including, without limitation, the Title Policy) must be in full force and effect and Lender must

have received such evidence thereof as it requires; (e) each of Borrower's representations and warranties contained in the Loan Documents must be true and accurate as of the date of the Draw Request and any Advance; (f) Lender must have a valid and perfected security interest in the Collateral (with a priority acceptable to Lender) and will have received satisfactory evidence of perfection and the priority of its security interest; and (g) any other condition that Lender may impose from time to time.

7. Loan Advances.

7.1 Draw Requests. Subject to the terms and conditions contained in this Agreement, Lender will make one or more Advances during the Draw Period. No Advance will be made after the Draw Period. Lender will not be required to make Advances more frequently than once per month. Each Advance will reduce the amount available for borrowing under the Loan and Loan amounts repaid may not be re-borrowed. To initiate an Advance, Borrower must provide Lender a Draw Request on or before the fifteenth (15th) day of a given month. Notwithstanding anything contained in this Agreement to the contrary, Lender will determine whether to make an Advance. Each Advance will be made and used (a) solely to pay direct costs associated with construction and development of the Brewery, and (b) and no individual Advance will exceed \$75,000.00. Any Advance made by Lender may be disbursed, in whole or in part, at Lender's election, (w) to Borrower, (x) to Lender for all amounts then due to Lender, including, without limitation, interest expenses and title insurance costs, (y) to any applicable government authority to pay any taxes or assessments owed by the Brewery and/or the Property and/or (z) directly to the persons furnishing labor, materials, inventory, and/or supplies to the Brewery. Lender will have no obligation to confirm that Advances made are actually used by that party to pay for labor, materials, inventory, and/or supplies of the Brewery. Borrower accepts and assumes all risks in connection with any Advances made by Lender under this Agreement.

7.2 Conditions Precedent to each Advance. In addition to any other condition contained in this Agreement, each Advance will be subject to the following conditions: (a) no Event of Default under any Loan Document will have occurred and/or will then exist; (b) no Event of Default under any Prior Loan Document or under the Grant Agreement will have occurred and/or will then exist; (c) there has been no condemnation, casualty, and/or catastrophe affecting the Collateral; and (d) the Title Insurer continues to insure the lien of the Trust Deed as a lien against the Property securing all previous Advances and the Advance then being requested, and nothing has intervened to affect the validity or priority of the Trust Deed.

8. Representations; Warranties. In addition to any other representation and/or warranty made by Borrower under this Agreement, Borrower represents and warrants the following to Lender:

8.1 Authority; Binding Obligation; No Conflicts. Borrower is duly organized and validly existing limited liability companies under the laws of the State of Oregon. Borrower has full power and authority to sign and deliver this Agreement and to perform all Borrower obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms. The signing and delivery of this Agreement by Borrower and the performance by Borrower of all Borrower obligations under this Agreement will not (a) breach any agreement to which Borrower is a party, or give any person the right to accelerate any obligation of Borrower; (b) violate any law, judgment, or order to which Borrower is subject; and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

8.2 Compliance; No Misstatements; Encumbrances. Borrower and the Collateral

comply with all applicable Laws. Borrower represents and warrants that no report, financial statement, representation, and/or other information furnished by Borrower to Lender in connection with the Loan contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower owns title to the Collateral, free from all Encumbrances except the Encumbrances created by the Permitted Encumbrances. No claim of right, title, and/or interest adverse to Borrower in or to the Collateral has been or will be made by any person. There are no pending or threatened claims or actions against Borrower and/or the Collateral. The Property is, and at all times that any amounts remain owing on the Loan will be, used exclusively as a commercial property and will not be used as a personal residence.

9. Covenants. In addition to any other Borrower covenant contained in this Agreement, Borrower covenants the following to Lender:

9.1 Insurance. Borrower will obtain and maintain at all times insurance policies that provide adequate insurance coverage for the Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Property is normally exposed. Each insurance policy that covers the Property will (a) be in form and substance satisfactory to Lender; (b) name Lender as a loss payee; and (c) will provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Lender. Immediately upon Lender's request, Borrower will deliver a copy of each policy to Lender.

WARNING

(Provided pursuant to ORS 746.201(2))

Unless you [Borrower] provide us [Lender] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan balance will apply to this added amount. The effective date of coverage may be the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damages coverage or any mandatory liability insurance requirements imposed by law.

9.2 Encumbrances; Transfer; Condition of Property. Borrower will keep the Collateral free from all Encumbrances except the Permitted Encumbrances. Borrower will not Transfer all or any portion of the Collateral without Lender's prior written consent. Upon Lender's request, Borrower will permit Lender to (a) inspect the Property (and any other Collateral), and (b) inspect and copy Borrower's books of account and records related to the Property, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property. Borrower and the Collateral will comply with all Laws. Borrower will timely pay all charges, costs, and expenses related to

or concerning (whether directly or indirectly) the Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with Borrower's ownership, use, occupancy, maintenance, improvement, and/or repair of the Property.

9.3 Indemnification. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any breach and/or inaccuracy of any Borrower representation, warranty, and/or covenant made in this Agreement and/or any other Loan Document; (b) any failure by any Borrower to pay and/or perform any covenant and/or obligation required to be performed by Borrower under this Agreement and/or any other Loan Document; (c) any act or omission related to the Brewery; (d) any condition of the Property, and/or (e) the Loan. Borrower's indemnification obligations under this Section 9.3 will survive the termination of this Agreement and the satisfaction of the obligations of Borrower to Lender under this Agreement.

9.4 Sales. Borrower will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Borrower's assets.

10. Defaults; Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes a default by Borrower under this Agreement, the Grant Agreement, the Prior Loan Documents, and each Loan Document (each an "Event of Default"): (a) Borrower's failure to make any payment required under the Note and/or this Agreement when due; (b) Borrower's or Guarantor's failure to perform any covenant, agreement, and/or obligation contained in this Agreement, the Grant Agreement, and/or any other Loan Document (other than making any payment required under the Note and/or this Agreement as provided in Section 10.1(a)) within fourteen (14) days after written notice from Lender specifying the failure with reasonable particularity; (c) any warranty, representation, statement, and/or information made or furnished to Lender by or on behalf of Borrower or Guarantor proves to have been false or misleading in any respect when made or furnished or when deemed made or furnished, or becomes false or misleading at any time thereafter; (d) any default occurs under, or Borrower or Guarantor fails to pay, perform, and/or comply with, the terms of the Grant Agreement or any Loan Document or any other agreement, document, and/or instrument between Borrower and Lender, and such failure is not remedied within any applicable grace period, if any; (e) any default occurs under any security instrument securing any indebtedness or obligation of Borrower or Guarantor to Lender and/or any lien created or purported to be created by the Trust Deed ceases to be, or is asserted by any person not to be, a valid, perfected security interest or lien, subject only to liens and encumbrances accepted by Lender; (f) Lender determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Borrower or in any Collateral and/or Lender deems itself insecure with respect to the payment or performance of any obligations of Borrower to Lender; (g) the dissolution of Borrower; (h) the death of any Guarantor, and/or (i) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Borrower's financial condition and/or Borrower's ability to pay and perform its obligations under this Agreement and/or any other Loan Document.

10.2 Remedies in the Event of Default. On and after an Event of Default, Lender may exercise the following remedies, which remedies are cumulative and which may be exercised singularly

or concurrently: (a) upon notice to Borrower, the right to accelerate the due dates of the Loan so that the Loan is immediately due, payable, and performable in its entirety; (b) upon notice to Borrower, the right to take possession, control, and charge of the Property and/or any other Collateral; (c) the right to institute an action to appoint a receiver to take charge of the Property and/or any other Collateral; (d) any remedy available to Lender under any Loan Document and/or any agreement evidencing, guaranteeing, and/or securing the payment or performance of the Loan and/or any of the obligations of Borrower, including, without limitation, the Trust Deed; and/or (e) any other remedy available to Lender at law or in equity.

11. Miscellaneous.

11.1 No Lender Waiver. No failure and/or delay of Lender in exercising any right, power, and/or remedy under this Agreement and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Lender or of any other right. A waiver of any provision of this Agreement and/or any other Loan Document will not constitute a waiver of or prejudice Lender's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Lender must be in writing and will be effective only to the extent specifically set forth in writing.

11.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Borrower will pay Lender immediately on demand an amount equal to all costs and expenses incurred by Lender in connection with the Loan, Title Policy, enforcement of the Loan Documents, Grant Agreement, and/or collection of amounts due to Lender, including, without limitation, all recording fees, filing fees, costs of appraisals, title insurance, inspection, collateral audits, costs of perfecting, protecting, defending Lender's security interest in the Collateral, and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement and/or any other Loan Document, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

11.3 Legal Representation; Notices; Attorney in Fact. Each party has employed his or her own independent legal counsel to assist in each such party's review and negotiation of this Agreement (and any document referenced herein) or has knowingly waived his or her right to do so. Any notice required under this Agreement must be in writing. This Agreement will not be construed in favor or against any particular party based on drafting. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. So long as any amount remains due hereunder to Lender and during the continuance of any default hereunder, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power and authority to execute, file, and record any notice or other document which Lender deems necessary or advisable to establish or perfect Lender's security interest in the Collateral.

11.4 Successors; Severability; Governing Law. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement and/or any other Loan Document without the prior written consent of Lender. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11.5 Interpretation; Discretion. Upon request by Lender, Borrower will from time to time provide such information, execute such documents, and do such acts as may reasonably be required by Lender in connection with any indebtedness or obligations of Borrower to Lender under the Loan Documents. All information, documents, and instruments required to be executed or delivered to Lender will be in form and substance satisfactory to Lender. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When Lender is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be Lender's sole discretion. If Borrower is comprised of two or more persons, all such persons shall be jointly and severally responsible for the obligations and liabilities of Borrower under this Agreement. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

11.6 Integration; Conflicting Terms; Signatures. This Agreement, together with the Grant Agreement and other Loan Documents, comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement will control; provided, however, that the inclusion of supplemental rights and remedies of Lender in any of the other Loan Documents will not be deemed a conflict with this Agreement. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. An electronic signature or a fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party. This Agreement may be amended only by a written agreement signed by each party.

11.7 Survival. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement and/or in any certificate or other instrument delivered by Borrower under this Agreement and/or any Loan

Document. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties, and covenants will survive the making of the Loan and delivery to Lender of the Loan Documents, will be continuing in nature, and will remain in full force and effect until such time as Borrower has satisfied its obligations under the Loan Documents in full.

11.8 Force Majeure. Any non-monetary obligation of Lender or Borrower under the Loan Documents which is delayed or not performed due to Acts of God, strike, riot, shortages of labor or materials, war, pandemics, governmental laws, regulations or restrictions, governmental action or inaction, any moratorium or other limit on issuing building permits or certificates of occupancy, or any other causes of any kind whatsoever which are beyond a party's reasonable control (each a "Force Majeure Event"), shall not constitute a default, but shall be performed as soon as reasonably possible after the end of such cause for delay or nonperformance. No Force Majeure Event shall commence or be deemed to have occurred unless, within ten (10) days after the event constituting the Force Majeure Event commences, the party claiming such delay has provided written notice to the other specifying the circumstances that the claiming party contends constitutes a Force Majeure Event.

11.9 Disclosure. **Under Oregon law, most agreements, promises, and commitments made by Lender concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Lender to be enforceable.**

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and effective for all purposes of the Effective Date.

LENDER:
Madras Redevelopment Commission


By: Will Trasher
Its: City Administrator

City of Madras


By: Gabriel Soliz
Its: Chair

BORROWER:
Initiative Property Holdings, LLC,
an Oregon limited liability company,


By: P. Ryan Churchill
Its: Owner/operator

Initiative Brewing, LLC,
an Oregon limited liability company

Chris Brumley
By: Chris Brumley
Its: owner/Brewmaster

Appendix A
Definitions

“Advance(s)” means Loan amounts provided by Lender under this Agreement and the Note.

“Agreement” has the meaning assigned to such term in the preamble.

“Borrower” has the meaning assigned to such term in the preamble.

“Collateral” means the Property, the personal property and trade fixtures of the Brewery, and all other collateral described in the Trust Deed.

“Draw Period” means the period commencing from the later to occur of the following (a) the Effective Date and (b) the Land Use Decision (as defined in the Grant Agreement) becoming final and unappealable and ending on the sooner to occur of the following (y) issuance of the Certificate (as defined in the Grant Agreement) and (z) one year after the Effective Date.

“Draw Request(s)” means a written request for an Advance, which may only be made during the Draw Period, accompanied by contractor invoices for labor, materials, equipment, and/or services arising out of completion of the Improvements.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Event of Default” has the meaning assigned to such term under Section 10.1.

“Grant Agreement” means that certain Grant Agreement between Lender and Borrower dated May 1, 2023.

“Guarantor” has the meaning assigned to such term under Section 4.

“Guaranty” has the meaning assigned to such term under Section 4.

“Law(s)” means all leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, ordinances, and regulations directly or indirectly concerning or affecting the Collateral (including, without limitation, the Property), Borrower, and/or the Loan, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder) (collectively, the “ADA”), any environmental laws, and any building and safety codes and zoning ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

“Lender” has the meaning assigned to such term in the preamble.

“Lender Representative(s)” means Lender and its successors, assigns, and affiliates, and all past, present, and future officers, employees, elected officials, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Loan” means the line of credit loan provided by Lender to Borrower under this Agreement.

“Loan Document(s)” means, individually and collectively, (a) this Agreement; (b) the Note; (c) the Trust Deed; (d) the Guaranty; and (e) such other documents and/or instruments as Lender may require from time to time.

“Note” means that certain Second Line of Credit Promissory Note in the principal amount of \$300,000.00 dated as of the Effective Date made by Borrower in favor of Lender as it may be modified, extended, or replaced from time to time.

“Permitted Encumbrance(s)” means the following: (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary; (b) any lien, mortgage, pledge, security interest, or other Encumbrance arising by operation of law for taxes, assessments, or government charges not yet due; and (c) the Encumbrances created by the Prior Trust Deeds.

“Prior Loan Documents” means the following: (a) the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement between Borrower and Lender dated May 1, 2023; (b) Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing made by Borrower for the benefit of Lender dated May 1, 2023; (c) the Line of Credit Promissory Note between Borrower and Lender dated May 1, 2023; (d) the personal guaranty of Ryan Churchill and/or Chris Brumley in favor of Lender dated May 1, 2023;

“Prior Trust Deeds” means the lien of senior lenders acceptable to Lender or any junior lender to which Lender agrees to subordinate its Trust Deed.

“Property” has the meaning assigned to such term in Recital A.

“Title Insurer” has the meaning assigned to such term under Section 6.

“Title Policy” has the meaning assigned to such term under Section 6.

“Transaction” means the line of credit loan transaction contemplated under this Agreement and the Loan Documents.

“Transfer” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, Encumbrance, foreclosure of an Encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Property for a period longer than thirty (30) days.

“Trust Deed” means that certain Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Borrower in favor of Lender.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

Exhibit B
Promissory Note

[attached]

Exhibit C
Trust Deed

[attached]

This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

SECOND LINE OF CREDIT PROMISSORY NOTE

\$300,000.00

Effective Date: December 1, 2023

This Second Line of Credit Promissory Note (this "Note") is made by Initiative Property Holdings, LLC, an Oregon limited liability company, whose address is 715 SW 4th Street, Madras, Oregon ("IPH") and Initiative Brewing, LLC, an Oregon limited liability company, whose address is 13840 SW Golden Mantel Road, Terrebonne, OR 97760 ("IB", IPH and IB are individually and collectively, "Maker"), in favor of the Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Holder"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

1. Payment. Maker promises to pay to the order of Holder in immediately available funds the principal amount of \$300,000.00, or, if less, the aggregate unpaid principal amount of all advances made by Holder to Maker pursuant to the Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement of even date hereof between Maker and Holder (the "Loan Agreement"), together with interest on the unpaid amount in accordance with Section 3, below, in equal monthly payments of principal and accrued interest on the unpaid principal amount (i.e. fully amortizing) from the Repayment Commencement Date (as defined below). The first payment is due on the first day of the month immediately following the Repayment Commencement Date and subsequent payments are due on the same day of each following month until the sooner to occur of the following: (a) Borrower makes a total of one hundred and twenty (120) months/payments, or (b) June 1, 2034 (as applicable, the "Maturity Date"). Upon the Maturity Date, the unpaid principal amount, together with accrued interest, is immediately due in its entirety. All payments under this Note will be made to Holder at Holder's address first set forth above or any other address that Holder may designate by written notice to Maker. Within thirty (30) days after the Repayment Commencement Date, Holder will provide Maker a payment schedule containing the due date and amount of each payment; provided, however, Holder's failure to provide Maker a payment schedule will not relieve Maker of Maker's payment and performance obligations contained in this Note and/or the Loan Documents.

2. Requests for Advances; Accounting Statement. The loan amount may be advanced in multiple disbursements. Maker must make requests for advances to Holder in writing and in accordance with the Loan Agreement. Maker is liable to Holder for any amount advanced to Maker. Holder may, from time to time, deliver to Maker a written accounting statement that sets forth the following information: (a) the date and amount of each advance made by Holder to Maker; (b) the interest rate applicable to each advance; (c) the date and amount of each payment made by Maker to Holder; and (d) the unpaid principal amount (including accrued but unpaid interest) as of a specified date. The information set forth in an accounting statement will be binding on Maker unless Maker delivers to Holder a written objection within ten (10) days after the delivery of the accounting statement and the objection specifies in reasonable detail the facts giving rise to the objection.

3. Interest; Late Charges. Commencing on the date of each advance, interest on the unpaid principal amount will accrue at the annual rate of eight percent (8.0%). On and after an Event of Default (as defined below), (a) all accrued interest will become part of the unpaid principal amount, and (b) Maker will pay interest on the unpaid principal amount at the annual rate of twelve percent (12.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$50.00 per day will be immediately due and payable until the delinquent payment is paid in full. Maker acknowledges and agrees that the foregoing late charge is a reasonable estimate of Holder's damages for Maker's late payment.

4. Repayment Commencement Date. The line of credit provided by this Note is for the purpose of supporting the construction and development costs for a brewery (the "Brewery") operated by Maker on the property addressed as 715 SW 4th Street, Madras, Oregon (the "Property"). Maker must commence repaying the unpaid principal amount, and any interest accruing thereon, thirty (30) days after issuance of a certificate of occupancy for the Brewery, but in no event later than June 30, 2024 (the "Repayment Commencement Date").

5. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time, without penalty. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

6. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Loan Agreement. Maker's obligations under this Note are guaranteed or secured by that certain Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Maker in favor of Holder (the "Trust Deed") and the personal guaranty of Initiative Brewing, LLC, Ryan Churchill and Chris Brumley (individually and collectively, "Guarantor").

7. Event of Default. Regardless of whether the Repayment Commencement Date has occurred, the occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an "Event of Default"): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker's financial condition and/or Maker's ability to make any payment required under this Note; (c) Maker and/or Guarantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's and/or Guarantor's debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (d) a proceeding with respect to Maker, Guarantor, the Brewery, and/or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; (e) Holder determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Maker and/or Holder deems itself insecure with respect to the payment or performance of any obligations of Maker to Holder; (f) the death of any Guarantor; and/or (g) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of Maker. For purposes of this Note, the term "Loan Document(s)" means, individually and collectively, (r) Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement between Maker and Holder dated May 1, 2023; (s) Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing made by Maker for the benefit of Holder dated May 1, 2023; (t) the Line of Credit

Promissory Note between Maker and Holder dated May 1, 2023; (u) the personal guaranty of Ryan Churchill and/or Chris Brumley in favor of Holder dated May 1, 2023; (v) the Loan Agreement; (w) the Trust Deed; (x) this Note; (y) the personal guaranty of Ryan Churchill and/or Chris Brumley of even date hereof; and (z) all other agreements and/or instruments evidencing, guaranteeing, and/or securing the performance of any of Maker's obligations under this Note.

8. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement securing the performance of any of the obligations of Maker; and/or (d) any other remedy available to Holder at law or in equity.

9. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired.

10. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11. Attorney's Fees; Costs and Expenses. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

12. Legal Representation; Notices; Joint and Several. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Note (and any document referenced herein) or has knowingly waived his or her right to do so. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified,

return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. All representations made by Maker under this Note are made by the undersigned. If Maker is comprised of two or more parties, all such parties shall be jointly and severally responsible for the obligations and liabilities of Maker under this Note.

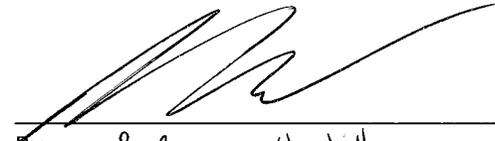
13. Authority. The signing and delivery of this Note by Maker and the performance by Maker of all Maker's obligations under this Note will not (a) breach any agreement to which Maker is a party, or give any person the right to accelerate any obligation of Maker; (b) violate any law, judgment, or order to which Maker is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Holder that the undersigned is authorized to execute this Note on behalf of Maker and, once signed, this Note will be valid and binding upon Maker.

14. Waiver of Jury Trial. **MAKER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST MAKER IN RESPECT TO THIS NOTE, THE LOAN AGREEMENT, OR THE TRUST DEED. Maker hereby agrees that this Note constitutes a written consent to waiver of trial by jury, and Maker does hereby constitute and appoint Holder its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Maker does hereby authorize and empower Holder, in the name, place and stead of Maker, to file this Note with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury.**

15. Disclosure. **Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Holder to be enforceable.**

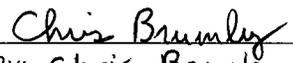
MAKER:

Initiative Property Holdings, LLC,
an Oregon limited liability company



By: P. Ryan Churchill
Its: Owner / operator

Initiative Brewing, LLC,
an Oregon limited liability company



By: Chris Brumley
Its: owner / Brewmaster

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Ryan Churchill ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Initiative Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)": (a) that certain Second Line of Credit Promissory Note in the principal amount of \$300,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

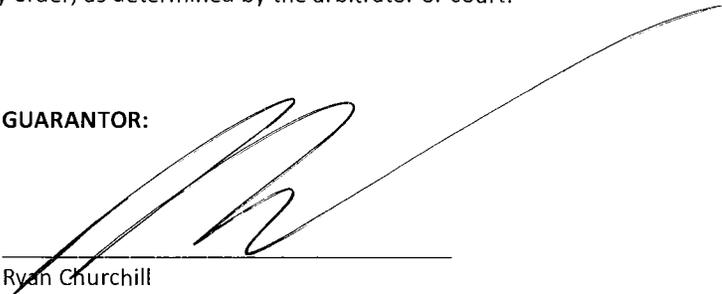
Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any

agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: December 1, 2023

GUARANTOR:



Ryan Churchill

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Chris Brumley ("Guarantor") in favor of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor modifying certain loans made to Initiative Property Holdings, LLC and Initiative Brewing, LLC (individually and collectively, "Debtor"), under the terms of the Loan Documents (as defined below) (and certain other documents and instruments entered into pursuant thereto). Guarantor is a member of Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Loan Documents will inure to the benefit of Guarantor. Creditor is relying on this Guaranty in making the loans to Debtor and as consideration for entering into the Loan Documents (and certain other documents and instruments entered into pursuant thereto).

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following (individually and collectively, the "Loan Document(s)": (a) that certain Second Line of Credit Promissory Note in the principal amount of \$300,000.00 made by Debtor in favor of Creditor of even date hereof (the "Note"); (b) the Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement of hereof between Debtor and Creditor; (c) the Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing of even date hereof made by Debtor in favor of Creditor, and all amendments thereto; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing performance of all Debtor obligations arising out of or under the aforementioned agreements and all other agreements between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations in full.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for payment and performance of the Obligations, and/or any collateral that may secure payment and performance of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for payment and performance of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure payment and performance of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction involving the sale of substantially all Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any

agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: November 1, 2023

GUARANTOR:


Chris Brumley



00160133202300034760180189

12/15/2023 11:54:53 AM

M-DT Cnt=4 Stn=24 MERCEDES
\$90.00 \$15.00 \$11.00 \$60.00 \$10.00 \$10.00

After recording, return to:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**SECOND LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Second Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into on December 1, 2023 (the "Effective Date"), by Initiative Property Holdings, LLC, an Oregon limited liability company ("Grantor"), whose address is 715 SW 4th Street, Madras, Oregon 97741, in favor of Western Title & Escrow Company ("Trustee"), whose address is 60 SE 6th Street, Madras, Oregon 97741, for the benefit of Urban Renewal Agency of the City of Madras acting by and through the Madras Redevelopment Commission and the City of Madras (collectively, "Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument is \$300,000.00.

Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is June 1, 2034.

The tax parcel number for the real property subject to this instrument is Account No.: 9703 and Map No.: 111311DA09500.

This Trust Deed memorializes a separate debt, subject to different terms and conditions, from that referenced in the instrument recorded as Document No. 2023-1069 in the Jefferson County Official Records

RECITAL:

Beneficiary and Grantor entered into that certain Madras Redevelopment Commission – Second Urban Renewal Line of Credit Loan Agreement dated as of the Effective Date (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan up to a maximum principal amount of \$300,000.00, which loan is evidenced by a certain Second Line of Credit Promissory Note dated as of the Effective Date as it may be modified, extended, or replaced from time

to time (the "Note"). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter 86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term "instrument" has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all Grantor's right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee's or Beneficiary's request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor's rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor's liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant's Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant's Lease, to the Obligations, or to any other commercially reasonable purpose; (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose; and (c) enforce Beneficiary's rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary's rights under the Leases, together with all prepaid rents and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants, on a joint and several basis, to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor is a duly organized and validly existing limited liability company under the laws of the State of Oregon. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor; (b) violate any law, judgment, or order to which Grantor is subject; and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. The undersigned represents and warrants to Beneficiary that the undersigned is authorized to execute this Trust Deed on behalf of Grantor and, once signed, this Trust Deed will be valid and binding upon Grantor.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable land use regulations. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Grantor owns legal title to the Trust Property free from all encumbrances except the Encumbrances created by the Permitted Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal name of Grantor is Initiative Property Holdings, LLC, an Oregon limited liability company.

4.6 Leases. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any

deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee's and Beneficiary's rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary's prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will timely pay all charges, costs, and expenses related to or concerning (whether directly or indirectly) the Trust Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with Grantor's ownership, use, occupancy, maintenance, improvement, and/or repair of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor's business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor's legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor's obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor's own cost and expense, use commercially reasonable efforts to: (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary's rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of

Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary's request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all

risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary; (b) name Beneficiary as a loss payee; and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all Grantor's assets.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice, Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor; (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense; and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty (20) day period after the delivery of Grantor's notice Grantor

may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding with counsel reasonably satisfactory to Beneficiary; (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense; and (3) Grantor may settle the matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section 8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all Grantor's rights to receive compensation equal to all amounts owed or owing arising out of and/or under the Loan Documents as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a) Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an “Event of Default”): (a) Grantor fails to make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within fourteen (14) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor’s debts as they become due, or makes a general assignment for the benefit of creditors; (i) a proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) Beneficiary determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Grantor or in any Trust Property and/or Beneficiary deems itself insecure with respect to the payment or performance of any obligations of Grantor to Beneficiary; (l) the death of the last Grantor; and/or (m) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor’s and/or any guarantor’s financial condition and/or Grantor’s and/or any guarantor’s ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant’s Lease, (2) collect and receive the rents and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary’s rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all Grantor’s rights under

the Tenant's Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property; (b) make ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings; (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries; (d) enter into a lease of all or any portion of the Trust Property; (e) insure the Trust Property against damage or loss; (f) borrow and advance money for the protection of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property; (g) pay, contest, and/or settle any claim relating to the Trust Property; (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property; (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations; (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property; and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative may take to perfect or continue Trustee's and/or Beneficiary's rights under this Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three (3) business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Legal Representation; Attorney Fees. Each party has employed his or her own independent legal counsel to assist in such party's review and negotiation of this Trust Deed (and any document referenced herein) or has knowingly waived the right to do so. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary's sole discretion. For purposes of this Trust Deed, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments; Joint and Several. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed. Notwithstanding anything contained in this Trust Deed to the contrary, all Grantor representations, warranties, covenants, and obligations made by Grantor under this Trust Deed are made by each person constituting Grantor on a joint and several basis.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

[end of instrument – signature page immediately follows]

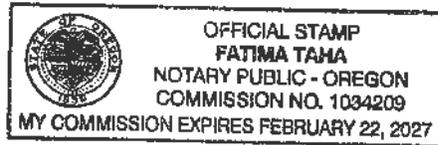
IN WITNESS WHEREOF, the undersigned have caused this Trust Deed to be duly executed on the date first written above and effective for all purposes of the Effective Date.

GRANTOR:

Initiative Property Holdings, LLC,

an Oregon limited liability company

By: P. Ryan Churchill
Its: Owner/Operator



State of Oregon)
) ss.
County of Jefferson)

The forgoing instrument was acknowledged before me on December 14th, 2023
by P. Ryan Churchill as the Grantor of Initiative Property Holdings, LLC.

Before me:

Notary Public for Oregon

Appendix A
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each member, manager, or officer of Grant and any knowledge that such individual(s) would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement between Grantor and Beneficiary dated May 1, 2023; (b) the Line of Credit Promissory Note between Grantor and Beneficiary dated May 1, 2023; (c) the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing made by Grantor for the benefit of Beneficiary dated May 1, 2023; (d) the Agreement; (e) this Trust Deed; (f) the Note; and (g) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Line of Credit Promissory Note of even date hereof in the principal amount of \$300,000.00 made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all Grantor’s obligations arising out of or under (a) the Note; (b) the Agreement; (c) this Trust Deed; and/or (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any Grantor obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, and (b) any lien, mortgage, pledge, security interest, or other Encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 715 SW 4th Street, Madras, Oregon and more particularly described on the attached Exhibit A.

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all Grantor’s right, title, and interest in and to the Real Property, together with the following:

(a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;

(b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;

(c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;

(d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;

(e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;

(f) all Grantor rights, titles, and interests now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Real Property (all the foregoing being collectively referred to below as the “Improvements”);

(g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;

(h) all Grantor rights, titles, and interests in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

(i) all Grantor rights in and to any escrow or withhold agreements, title insurance, surety bonds, warranties, management contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, sale, and/or use of all or any portion of the Real Property or any of the Improvements;

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 1, 2, 3, 4, and 5, Block 17, DEPOT ADDITION TO MADRAS, as recorded in Plat Book 1, Page 16, Jefferson County Records, Jefferson County, Oregon

EXCEPTING THEREFROM, the Southernmost 22 feet of Lot 5, Block 17

MADRAS URBAN RENEWAL AGENCY
Request for Commission Action

Meeting Date: June 11, 2024
To: Madras Redevelopment Commissioners
From: Kate Knop, Finance Director
Through: Will Ibershof, City Administrator, Kate Knop, Finance Director
Subject: Independent Audit Report And Financial Statements for the Madras Urban
Renewal Agency

TYPE OF ACTION REQUESTED:

Discuss

MOTION(S) FOR CONSIDERATION:

None

OVERVIEW:

Report from the City's auditor.

STAFF ANALYSIS:

FISCAL INFORMATION:

SUPPORTING DOCUMENTATION:

MURA Financial Statements and Reports for June 30, 2023

MADRAS REDEVELOPMENT COMMISSION
FINANCIAL REPORT
June 30, 2023

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MADRAS REDEVELOPMENT COMMISSION
OFFICERS AND MEMBERS OF THE GOVERNING BODY
June 30, 2023

BOARD OF COMMISSIONERS

Mike Lepin

Jennifer Holcomb

Mike Seibold

Gabriel Soliz

Patricia Spencer

Gary Walker

Lamar Yoder

Commissioners receive mail at the address:

Administrative Offices
125 SW E Street
Madras, OR 97741

FINANCE DIRECTOR

Kristal Hughes (through June 2023)

Kate Knop (as of Jan 2024)

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MADRAS REDEVELOPMENT COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Madras Redevelopment Commission (the "Commission") a component unit of the City of Madras, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparisons for the General, Commercial Revolving Loan, Commercial Project, and Housing Project Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i – viii* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon
Independent Auditor's Report

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 22, 2024, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

May 22, 2024

By:



Brad Bingenheimer, Partner

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Madras Redevelopment Commission

125 SE E Street Madras Oregon 97741
Phone: 541-475-2344 Fax: 541-475-7061

Management's Discussion and Analysis

This is management's discussion and analysis (MD&A) of the financial performance of the Madras Redevelopment Commission, which includes the Madras Urban Renewal District and the Housing Urban Renewal District, of the City of Madras (City), for the fiscal year ending June 30, 2023. The report has been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). The MD&A should be read in conjunction with the basic financial statements and notes to the financial statements.

History

The Madras Redevelopment Commission (MRC) was formed by City Ordinance No. 709 on June 24, 2003 and transferred the powers of the Madras Urban Renewal Agency of the City of Madras, to the Madras Redevelopment Commission pursuant to ORS 457.055. The Madras Urban Renewal District (Commercial District) lies primarily in the downtown corridor and extends to Lee Street to the north and Hall Street to the south. The Commission is managed by a governing board of nine members. The primary objectives of the Madras Urban Renewal District within the downtown corridor are to 1) eliminate blighted conditions; 2) reverse physical and economic decline; and 3) use tax increment financing to achieve its objectives to a \$14,000,000 maximum indebtedness.

In December of 2018 the City of Madras completed a Housing Action Plan that identified housing needs for all housing types and income levels. The Housing Action Plan recommended specific actions to address these housing needs. One of the recommended actions was evaluating the opportunities for a new or expanded urban renewal area to support development of housing. The City completed a Feasibility Study in June of 2019. Later, on November 12, 2019 the City Council approved the Housing Urban Renewal District (HURD – Housing District) Report and Plan, and Ordinance No. 935. The HURD is estimated to last 30 years, resulting in 30 years of tax increment collections. The City estimates that 965 new housing units will be constructed within the Plan Area over the estimated 30-year time frame of the HURD. The maximum amount of indebtedness (amount of dollars spent for projects, programs and administration) that may be issued for the Plan is \$39,100,000.

Financial Highlights

The Commission's total net position increased by \$306,323 during the year. Transactions contributing to this increase are listed by district are as follows:

Commercial District

- The Commercial District initially authorized \$14 million, and as of June 30, 2023, \$8,270,730, leaving \$5,729,270 available.
- The MRC met the debt obligation payment of \$130,000 per the intergovernmental agreement with the City of Madras for the \$2.5 million long-term obligation issued in 2011-2012.
- The MRC paid the City of Madras \$65,500 to assist with the debt obligations for the City Hall/Police Station, which serves as a central civic facility in accordance with the Madras Urban Renewal Plan. Additionally, the MRC and City of Madras confirmed the MRC's commitment to continue this partnership at \$65,500 annually for ten years beginning FY 2018-19.
- The MRC, on behalf of the Commercial District, drew down on the line of credit in the amount of \$480,000 to finance projects within the District.

Housing District

- The Housing District initially authorized \$39,100,000, and as of June 30, 2023, \$891,000 was used, leaving \$38,209,000 available.
- The MRC, on behalf of the Housing District, drew down on the line of credit in the amount of \$212,000 to cover the costs of running the District before receiving Property Taxes.
- Total administrative, audit, and legal services expenditures were \$60,869.
- The MRC approved development agreements with four housing developers and three more in the drafting phase. When completed, these will provide 238 single-family dwellings and thirty-five apartment units.
- Significant work is needed to evaluate the Housing District's incentives and needs in a demanding economy, with a focus on the workforce and affordable housing.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the MRC's basic financial statements. The financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains required supplementary information and other supplementary information in addition to the basic financial statements beginning on page 1 of this report.

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission's finances and are made up of two statements: the statement of net position and the statement of activities. Both statements were prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- The *statement of net position* presents information on all of the Commission’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.
- The *statement of activities* presents information showing how the Commission’s net position changed during the most recent fiscal year. All changes in Net position are reported as soon as the underlying event giving rise to the changes occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property tax, which is earned but not physically collected by the Commission in this fiscal year).

Both of these government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and assessments. The Commission does not have other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as business-type activities).

Fund Financial Statements

Local governments use fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are considered governmental funds.

Governmental fund financial statements, unlike the government-wide statements, use the modified accrual basis of accounting which focuses on viewing changes in current financial resources. The objective is to answer the question, “*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*” Therefore, under the modified accrual basis of accounting, revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which liabilities are liquidated rather than when the liability is first incurred. Unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental funds statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

Previously, the MRC maintained two individual governmental funds, the *General Fund* and the *Reinvestment Fund*. These funds were abolished and replaced with the MRC TIF Fund, MRC Project Fund and MRC Program Income. This change was made effective July 1, 2019 based on guidance from Bond Counsel, Urban Renewal Consultant and Urban Renewal Best Practices. The funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance, beginning on page 3.

The MRC adopted a biennial appropriated budget for all governmental funds for FY 2022-24. To demonstrate compliance with the adopted budget, a budgetary comparison statement has been provided for each fund. These budgetary comparison statements start on page 6 of this report.

The financial statements also include notes that provide additional information essential to fully understanding the data provided in the government-wide and funds financial statements. The notes to the basic financial statements begin on page 11 of this report. In addition to the basic financial statements and the accompanying notes lies additional pertinent information for the reader referred to as *Auditor's Comments and Reports*. This information can be found in this report following the notes to the basic financial statements.

Financial Analysis of the Government-Wide Statements

Net Position

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the Madras Redevelopment Commission's government-wide financial statements.

**Table 1
MADRAS REDEVELOPMENT COMMISSION
CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Net Change Increase/(Decrease)	
	2023	2022	Amount	Percent
Assets:				
Cash and cash equivalents	\$ 417,149	\$ 248,337	\$ 168,812	68.0%
Receivables	523,016	541,893	(18,877)	-3.5%
Reinvestment Properties	298,640	187,500	111,140	59.3%
Total Assets	1,238,805	977,730	261,075	26.7%
Deferred outflows of resources:				
Refunded debt charges	36,215	37,195	(980)	-2.6%
Liabilities:				
Other liabilities	955,762	824,843	130,919	15.9%
Long-term liabilities	2,460,115	2,637,262	(177,147)	-6.7%
Total Liabilities	3,415,877	3,462,105	(46,228)	-1.3%
Net Position:				
Restricted	576,697	886,110	(309,413)	-34.9%
Unrestricted (deficit)	(2,717,554)	(3,333,290)	615,736	18.5%
Total Net Position	(2,140,857)	(2,447,180)	306,323	12.5%

The Commission's net position increased in 2023 by \$306,323. This resulted from an increase in interest in investments, a decrease in the line of credit, and stabilizing the long-term loans between the Commission and the City of Madras due to debt refunding.

Change in Net Position

Below, Table 2 reflects the change in net position from fiscal year 2021-22 to fiscal year 2022-23.

Table 2
MADRAS REDEVELOPMENT COMMISSION
CONDENSED STATEMENT OF ACTIVITIES

	<u>Governmental Activities</u>		<u>Net Change</u> <u>Increase/(Decrease)</u>	
	<u>2023</u>	<u>2022</u>	<u>Amount</u>	<u>Percent</u>
Revenue:				
Property taxes	\$ 945,695	\$ 760,774	\$ 184,921	24.3%
Interest on investments	129,775	4,923	124,852	2536.1%
Miscellaneous	2,552	1,629	923	56.7%
Charges for services	50,000	25,000	25,000	100.0%
Capital grants and contributions	90,886	329,371	(238,485)	-72.4%
Total Revenues	<u>1,218,908</u>	<u>1,121,697</u>	<u>97,211</u>	<u>8.7%</u>
Expenses:				
Community development	816,442	1,287,073	(470,631)	-36.6%
Debt	96,143	85,977	10,166	11.8%
Total Expenses	<u>912,585</u>	<u>1,373,050</u>	<u>(460,465)</u>	<u>-33.5%</u>
Change in Net Position	306,323	(251,353)	557,676	-221.9%
Net Position - beginning of year	<u>(2,447,180)</u>	<u>(2,195,827)</u>	<u>(251,353)</u>	<u>-11.4%</u>
Net Position - end of year	<u>(2,140,857)</u>	<u>(2,447,180)</u>	<u>306,323</u>	<u>12.5%</u>

During the fiscal year 2022-23, total property tax revenue received was a 24.3% increase from last year's property tax revenues. That trajectory bodes well for the overall objectives of the Commission.

Fund Financial Analysis

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the government's financing requirements. Fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the close of the fiscal year 2022-23, the MRC's combined governmental funds reported a deficit-ending fund balance of <\$218,830>, an increase of \$161,292 from the prior year's fund balance of <\$380,122>. The General Fund increased by \$32,130 due to increased service charges. The Commercial Revolving Loan fund increased by \$169,629 from loan repayments. The Commercial Project Fund decreased by <\$474,478> and the Housing Project Fund by <\$318,266>, primarily due to community development projects in the funds during the year. The Commercial Property Tax and Debt Service Fund increased by \$360,050, and the Housing Property Tax and Debt Service Fund increased by \$12,105 due to property taxes collections more than debt service expenditures.

Debt Administration

At the end of the fiscal year 2022-23, the MRC's total outstanding debt was \$3,382,115, comprised of \$922,000 in short-term obligations and \$2,460,115 in long-term notes payable to the City of Madras. There were no new refinancing bonds or loans in 2022-2023; however, the long-term debt changes reduced loans payable to the City of Madras, totaling \$176,396. See pages 18 – 19 for additional information.

The line of credit has an available limit of \$1,900,000; as of June 30, 2023, \$922,000 was outstanding. A separate line of credit was established for the Housing District in the amount of \$1,000,000. During FY 2022-23, \$212,000 was drawn on this line of credit. These lines of credit have an annual renewal and review by the lending institution, First Interstate Bank. This reflects the strategic plan in which the MRC uses the line of credit to fund projects until the balance necessitates a larger bond issuance.

Economic Factors and Next Year's Budget

Major factors anticipated in the 2024-25 budget include the following:

- The Council approved changing the budget format from biennial to annual to be more relevant and transparent, since the budget is designed to achieve the goals of the Urban Renewal Plans and the city is experiencing modest economic changes.
- The annual budget includes the Madras Urban Renewal Agency General Fund, all Commercial District Funds and the Housing Urban Renewal Funds.
- The MRC is planning to review the following opportunities that will help economic efforts moving forward.
 - Decide the type and level of government debt financing the MRC wishes to pursue. The type of short—or long-term debt financing will determine the available funds for future grants and loans that meet the MRC's objectives.
 - Review the Commercial District's offers of financial assistance to incentivize new development on vacant properties and a suite of business assistance to property and business owners, including conceptual design of building renovations, window displays, funding for building improvements, and adaptive reuse of buildings.
 - Evaluate the Housing District incentives and needs in a demanding economy.

- **Commercial District Revenue:**
 - Property Tax Revenue is growing with a 13% forecasted increase for the next biennium vs. the prior.
- **MRC TIF Fund (formerly General Fund):** Tracks all property tax revenues and debt service payments. This includes the line of credit, du jour borrowing and formal issuances such as bonds. Du Jour borrowing is a mechanism in which the City provides a one-day loan. Property tax receipts are then used to repay that one-day loan to the City. This allows property tax revenues to be used towards debt rather than for direct purchases, consistent with Urban Renewal best practices.
- The City of Madras a line of credit up to \$1,900,000 with First Interstate Bank (formerly Bank of the Cascades). This line of credit is anticipated to be sufficient for supporting the District’s plans for the next 12 to 24 months. The lines of credit are reviewed and adjusted annually.

MRC Project Fund 704:

Table - Summary of Special Payment Categories.

Special Payment Categories	2024-25 Budget	Overview of Expenditures
Public Open Spaces & Parks Investments	\$150,000	• \$150,000 for Olive Street.
Streets & Infrastructure Investments	\$0	• No appropriations in 2024-2025.
Streetscape, Landscaping, Lighting & Gateway Investments	\$500,000	• \$500,000 ODOT streetscape.
Downtown Flowers	\$36,000	• Flowers for flowerpots and hanging baskets and winter plants for flowerpots and winter greens.
Redevelopment – New Construction Assistance (Private & Public)	\$652,000	• Funding to assist new development or redevelopment on vacant and underutilized properties.
Redevelopment – Rehabilitation Assistance/Grants	\$410,000	• Funding for paint, window improvement & design assistance, building Improvement, & adaptive reuse grants.
Business & Economic Development Activities (Private & Private)	\$65,500	• Annual payments for the Madras Police Station/City Hall per the Madras City Hall/Civic Plaza Grant Agreement.

- **MRC Program Income Fund 705 (formerly Reinvestment Fund):** This fund provides loans for facades and building renovations. The District anticipates multiple façade and building renovation loans within the district this year.

Request for Information

This financial report is designed to provide a general overview of the Madras Redevelopment Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of Madras/Madras Redevelopment Commission, Attention: Finance Director, 125 S.E. "E" Street, Madras, Oregon 97741, (541) 475-2344.

The City's website address is <http://www.ci.madras.or.us>.

BASIC FINANCIAL STATEMENTS

MADRAS REDEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 417,149
Receivables:	
Property taxes	40,047
Assessments	482,969
Total current assets	940,165
Noncurrent assets	
Investment in land held for resale	298,640
Total noncurrent assets	298,640
Total assets	1,238,805
Deferred outflows of resources	
Refunded debt charges	36,215
Total deferred outflows of resources	36,215
Liabilities	
Accounts payable and accrued liabilities	33,762
Short-term debt obligations	922,000
Long-term liabilities:	
Due within one year	181,396
Due in more than one year	2,278,719
Total liabilities	3,415,877
Net position	
Restricted for:	
Urban renewal revitalization	169,629
Debt service	407,068
Unrestricted (deficit)	(2,717,554)
Total net position (deficit)	\$ (2,140,857)

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Governmental Activities
Program expenses	
Community development	\$ 816,442
Interest expense	<u>96,143</u>
Total program expenses	<u>912,585</u>
Program revenues	
Charges for services	50,000
Capital grants and contributions	<u>90,886</u>
Total program revenues	<u>140,886</u>
Net program revenues (expenses)	<u>(771,699)</u>
General revenues:	
Property taxes	945,695
Unrestricted investment earnings	129,775
Miscellaneous	<u>2,552</u>
Total general revenues	<u>1,078,022</u>
Change in net position	306,323
Net position (deficit) - beginning	<u>(2,447,180)</u>
Net position (deficit) - ending	<u>\$ (2,140,857)</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General	Commercial Revolving Loan	Commercial Project	Housing Project	Commercial Property Tax and Debt Service	Housing Property Tax and Debt Service	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 36,270	\$ 153,620	\$ -	\$ 3,734	\$ 212,059	\$ 11,466	\$ 417,149
Receivables:							
Property taxes	-	-	-	-	34,226	5,821	40,047
Assessments receivable	-	482,969	-	-	-	-	482,969
Due from other funds	-	-	-	-	143,496	-	143,496
Investment in land held for sale	-	-	298,640	-	-	-	298,640
Total assets	\$ 36,270	\$ 636,589	\$ 298,640	\$ 3,734	\$ 389,781	\$ 17,287	\$ 1,382,301
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 4,140	\$ -	\$ 29,622	\$ -	\$ -	\$ -	\$ 33,762
Short-term obligations	-	-	600,000	322,000	-	-	922,000
Due to other funds	-	-	143,496	-	-	-	143,496
Total liabilities	4,140	-	773,118	322,000	-	-	1,099,258
Deferred inflows of resources							
Unavailable revenue	-	466,960	-	-	29,731	5,182	501,873
Total deferred inflows of resources	-	466,960	-	-	29,731	5,182	501,873
Fund balances							
Nonspendable	-	-	298,640	-	-	-	298,640
Restricted for:							
Urban renewal revitalization	-	169,629	-	-	-	-	169,629
Debt service	-	-	-	-	360,050	12,105	372,155
Unassigned (deficit)	32,130	-	(773,118)	(318,266)	-	-	(1,059,254)
Total fund balances	32,130	169,629	(474,478)	(318,266)	360,050	12,105	(218,830)
Total liabilities, deferred inflows and fund balances	\$ 36,270	\$ 636,589	\$ 298,640	\$ 3,734	\$ 389,781	\$ 17,287	\$ 1,382,301

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ (218,830)
Refunded debt charges are reported in the statement of net position but are not reported in the funds	36,215
Other assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	501,873
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds	<u>(2,460,115)</u>
Net position of governmental activities	<u>\$ (2,140,857)</u>

MADRAS REDEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Commercial Revolving Loan	Commercial Project	Housing Project	Commercial Property Tax and Debt Service	Housing Property Tax and Debt Service	Total Governmental Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 746,926	\$ 188,296	\$ 935,222
Charges for services	50,000	-	-	-	-	-	50,000
Assessments	-	132,496	-	-	-	-	132,496
Interest	832	11,696	111,512	96	5,519	120	129,775
Miscellaneous	-	2,500	-	-	-	52	2,552
Total revenues	50,832	146,692	111,512	96	752,445	188,468	1,250,045
Expenditures							
Current							
Community development	23,186	60,469	522,269	210,518	-	-	816,442
Debt service	-	-	-	-	264,721	7,590	272,311
Total expenditures	23,186	60,469	522,269	210,518	264,721	7,590	1,088,753
Excess (deficiency) of revenues over expenditures	27,646	86,223	(410,757)	(210,422)	487,724	180,878	161,292
Other financing sources (uses)							
Transfers in	-	-	390,000	173,985	-	-	563,985
Transfers out	-	-	-	-	(390,000)	(173,985)	(563,985)
Total other financing sources (uses)	-	-	390,000	173,985	(390,000)	(173,985)	-
Net change in fund balances	27,646	86,223	(20,757)	(36,437)	97,724	6,893	161,292
Fund balances at beginning of year	4,484	83,406	(453,721)	(281,829)	262,326	5,212	(380,122)
Fund balance at end of year	\$ 32,130	\$ 169,629	\$ (474,478)	\$ (318,266)	\$ 360,050	\$ 12,105	\$ (218,830)

See note to financial statements

MADRAS REDEVELOPMENT COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	161,292
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following</i>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes		10,473
Loans		(41,610)
		(31,137)
The repayment of the principal of debt consumes the current financial resources of the governmental funds. This transaction has no effect on net position. This amount is the difference in the treatment of debt.		
		176,168
Change in net position of governmental activities	\$	<u>306,323</u>

MADRAS REDEVELOPMENT COMMISSION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2023

	Biennium Budget	FY 2022-23 Actual	Variance
Revenues			
Charges for services	\$ 60,000	\$ 50,000	\$ (10,000)
Interest	-	832	832
Total revenues	<u>60,000</u>	<u>50,832</u>	<u>(9,168)</u>
Expenditures			
Materials and services	<u>60,064</u>	<u>23,186</u>	<u>36,878</u>
Total expenditures	<u>60,064</u>	<u>23,186</u>	<u>36,878</u>
Net change in fund balance	(64)	27,646	27,710
Fund balance at beginning of year	<u>64</u>	<u>4,484</u>	<u>4,420</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 32,130</u>	<u>\$ 32,130</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION
COMMERCIAL REVOLVING LOAN FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Biennium Budget</u>	<u>FY 2022-23 Actual</u>	<u>Variance</u>
Revenues			
Assessments	\$ 131,900	\$ 132,496	\$ 596
Interest	-	11,696	11,696
Miscellaneous	-	2,500	2,500
Total revenues	<u>131,900</u>	<u>146,692</u>	<u>14,792</u>
Expenditures			
Special payments	1,800,000	60,469	1,739,531
Contingency	<u>133,977</u>	-	<u>133,977</u>
Total expenditures	<u>1,933,977</u>	<u>60,469</u>	<u>1,873,508</u>
Excess (deficiency) of revenues over expenditures	<u>(1,802,077)</u>	<u>86,223</u>	<u>1,888,300</u>
Other financing sources (uses)			
Issuance of short-term obligations	<u>1,800,000</u>	-	<u>(1,800,000)</u>
Total other financing sources (uses)	<u>1,800,000</u>	-	<u>(1,800,000)</u>
Net change in fund balance	(2,077)	86,223	88,300
Fund balance at beginning of year	<u>2,077</u>	<u>83,406</u>	<u>81,329</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 169,629</u>	<u>\$ 169,629</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION
COMMERCIAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Biennium Budget</u>	<u>FY 2022-23 Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ -	\$ 372	\$ 372
Expenditures			
Materials and services	148,500	79,968	68,532
Special payments	3,870,180	442,301	3,427,879
Contingency	<u>201,257</u>	<u>-</u>	<u>201,257</u>
Total expenditures	<u>4,219,937</u>	<u>522,269</u>	<u>3,697,668</u>
Excess (deficiency) of revenues over expenditures	<u>(4,219,937)</u>	<u>(521,897)</u>	<u>3,698,040</u>
Other financing sources (uses)			
Issuance of short-term obligations	<u>4,100,000</u>	<u>480,000</u>	<u>(3,620,000)</u>
Total other financing sources (uses)	<u>4,100,000</u>	<u>480,000</u>	<u>(3,620,000)</u>
Net change in fund balance	(119,937)	(41,897)	78,040
Fund balance at beginning of year	<u>119,937</u>	<u>56,279</u>	<u>(63,658)</u>
Fund balance at end of year	<u>\$ -</u>	<u>14,382</u>	<u>\$ 14,382</u>
Reconciliation to generally accepted accounting principles			
Fair-value adjustment		111,140	
Short-term obligations		<u>(600,000)</u>	
Fund balance, GAAP basis		<u>\$ (474,478)</u>	

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION**HOUSING PROJECT FUND****STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended June 30, 2023

	Biennium Budget	FY 2022-23 Actual	Variance
Revenues			
Interest	\$ -	\$ 96	\$ 96
Expenditures			
Materials and services	101,992	60,868	41,124
Special payments	640,000	149,650	490,350
Contingency	9,571	-	9,571
Total expenditures	<u>751,563</u>	<u>210,518</u>	<u>541,045</u>
Excess (deficiency) of revenues over expenditures	<u>(751,563)</u>	<u>(210,422)</u>	<u>541,141</u>
Other financing sources (uses)			
Line of credit proceeds	<u>740,000</u>	<u>212,000</u>	<u>(528,000)</u>
Total other financing sources (uses)	<u>740,000</u>	<u>212,000</u>	<u>(528,000)</u>
Net change in fund balance	(11,563)	1,578	13,141
Fund balance at beginning of year	<u>11,563</u>	<u>2,156</u>	<u>(9,407)</u>
Fund balance at end of year	<u>\$ -</u>	3,734	<u>\$ 3,734</u>
Reconciliation to generally accepted accounting principles			
Short-term obligations		<u>(322,000)</u>	
Fund balance, GAAP basis		<u>\$ (318,266)</u>	

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

The Madras Redevelopment Commission (the “Commission”), a component unit of the City of Madras (the “City”), was organized in June 2003 under ORS 457 and is a municipal corporation created by the City to facilitate urban renewal within the boundaries of the City. The city council appoints the governing body and is accountable for the fiscal matters of the Commission.

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Commission selects an urban renewal plan area and defines its boundaries.
- The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance urban renewal projects.
- Urban renewal tax increment revenues are used to repay the indebtedness of the Commission. The proceeds of the indebtedness finance the Commission's activities.

As required by ORS 457.190(3)(a), the Commission has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$53,100,000, with the \$14,000,000 maximum allowed to be issued or incurred for the Commercial District and \$39,100,000 maximum allowed to be issued or incurred for the Housing District.

Government-wide and fund financial statements

The statement of net position and the statement of activities display information about the Commission, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's program. The Commission does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments, and the gain on refunding, are presented as general revenues.

The fund financial statements provide information about the Commission's fund. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The Commission reports the following major funds:

General – accounts for all financial resources of the Commission, except those required to be accounting for in another fund. Principal sources of revenue are charges for services and primary expenditures are materials and services.

Commercial Revolving Loan – accounts for loan distributions and repayments as well as projects funded by program income.

Commercial Project – accounts for proceeds from long-term and short-term debt, grant distributions and urban renewal plan projects and special payments.

Housing Project – accounts for incentives provided to developers to construct housing within the district boundary.

Commercial Property Tax and Debt Service – accounts for property tax revenues and debt service payments.

Housing Property Tax and Debt Service – accounts for property tax revenues and debt service payments.

Measurement focus, basis of accounting and financial statement presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

Budget policies and budgetary control

A biennial (July 1, 2022 through June 30, 2024) budget for all funds is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at the end of the biennium.

The budget process occurs every other year with the Commission appointing budget committee members in the fall. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes (continued)

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

Long-term obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position

Government-wide statements

On the statement of net position, equity is classified as net position and displayed in three components:

Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide financial statements when both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balances are to be reported within the fund balance categories listed below:

Non spendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the council. The council is the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The council has granted authority to the Community Development Director to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the council has provided otherwise in its commitment or assignment actions.

Fair value measurements

The Commission categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Commission’s cash and cash equivalents at June 30, 2023 are as follows:

State of Oregon Local Government Investment Pool	\$ 411,068
Cash held with County Treasurer	155
Deposits with financial institutions	<u>5,926</u>
Total cash and cash equivalents	<u>\$ 417,149</u>

The Commission’s cash and cash equivalents are pooled with the City of Madras. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits with Financial Institutions: This is the risk that in the event of a bank failure, the Commission’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Commission’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateral Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Commission’s deposits. As of June 30, 2023, none of the Commission’s deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any Commission, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State’s short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Commission’s position in the LGIP is the same as the value of the pool shares.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Investments

Credit Risk: Oregon statutes authorize the Commission to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The Commission does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Interest Rate Risk: The Commission does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The Commission does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Commission will not be able to recover the value of its investments that are in the possession of an outside party. The Commission does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 4 – INVESTMENT IN PROPERTIES

The Commission holds land for sale which is reported at estimated fair value measured using Level 3 inputs, based on the comparable transactions method which compares the market price of similar assets to the market price of the asset being valued.

NOTE 5 – ASSESSMENTS RECEIVABLE

Funds are expended to improve and refurbish buildings for the benefit of business in the local area through a combination grant and loan program. Assessments receivable have been recorded to reflect the amount the property owners will repay under the program. Assessments are repayable over a maximum of 120 months. The assessments are secured by the improved property and are considered fully collectible.

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SHORT-TERM DEBT OBLIGATIONS

Changes in short-term debt obligations for the year ended June 30, 2023

	<u>Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2023</u>
Line of credit	\$ 793,985	\$ 692,000	\$ 563,985	\$ 922,000

Governmental activities short-term debt obligations

Line of credit – The Commission entered into a loan agreement with the City of Madras. The agreement was specifically meant to finance an economic development activity. The maximum principal available is \$1,500,000, with 3.00% interest only payments due monthly.

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023:

	<u>Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2023</u>	<u>Balances Due Within One Year</u>
Direct borrowings and placements					
City of Madras, 2017 note	\$ 1,525,000	\$ -	\$ 130,000	\$ 1,395,000	\$ 135,000
City of Madras, 2021 note	990,000	-	40,000	950,000	40,000
Premium, 2021 note	<u>121,511</u>	<u>-</u>	<u>6,396</u>	<u>115,115</u>	<u>6,396</u>
Total long-term obligations	<u>\$ 2,636,511</u>	<u>\$ -</u>	<u>\$ 176,396</u>	<u>\$ 2,460,115</u>	<u>\$ 181,396</u>

Governmental activities long-term debt obligations

City of Madras, 2017 Note – The City issued a bond specifically meant to refinance the Commission’s bond anticipation line of credit. The Commission entered into an agreement with the City under which the Commission reimburses the City for the bond payments made by the City. The terms of the advance match the related bond issuance with interest at 63.5% of the BBA Libor Daily floating rate plus 2.6% with a 3.076% floor.

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

City of Madras, 2021 Note – The City issued a bond specifically meant to refinance the Commission’s bond anticipation line of credit. The Commission entered into an agreement with the City under which the Commission reimburses the City for the bond payments made by the City. The terms of the advance match the related bond issuance with interest at 3%.

Future maturities are as follows:

Fiscal Year	City of Madras 2017 Note		City of Madras 2021 Note		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 135,000	\$ 45,725	\$ 40,000	\$ 28,500	\$ 175,000	\$ 74,225
2025	140,000	40,900	40,000	27,300	180,000	68,200
2026	145,000	35,200	45,000	26,100	190,000	61,300
2027	150,000	29,300	45,000	24,750	195,000	54,050
2028	155,000	23,200	45,000	23,400	200,000	46,600
2029-33	670,000	40,950	250,000	95,850	920,000	136,800
2034-38	-	-	290,000	55,800	290,000	55,800
2039-43	-	-	195,000	11,700	195,000	11,700
	<u>\$ 1,395,000</u>	<u>\$ 215,275</u>	<u>\$ 950,000</u>	<u>\$ 293,400</u>	<u>\$ 2,345,000</u>	<u>\$ 508,675</u>

NOTE 8 – UNAVAILABLE REVENUES

Resources which are measurable but unavailable consist of the following:

	Commercial Revolving Loan	Commercial Property Tax and Debt Service	Housing Property Tax and Debt Service	Total
Property taxes	\$ -	\$ 29,731	\$ 5,182	\$ 34,913
Assessments	466,960	-	-	466,960
	<u>\$ 466,960</u>	<u>\$ 29,731</u>	<u>\$ 5,182</u>	<u>\$ 501,873</u>

NOTE 9 – TAX ABATEMENTS

Jefferson County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the Commission received for the year ended June 30, 2023 have been reduced by \$32,071.

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS

Grants

The Commission had the following new development and improvement assistance grant commitments as of June 30, 2023:

Grantee	2024	2025	2026	2027	Total
Love's	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ 140,000
Bunkhouse Hotel	110,000	110,000	110,000	110,000	440,000
The Basin	60,000	-	-	-	60,000
Initiative Brewing	200,000	-	-	-	200,000
Shangrilla	-	150,000	-	-	150,000
Starbucks	85,000	-	-	-	85,000
Wildwinds	49,000	-	-	-	49,000
Rio's	-	-	150,000	-	150,000
Harriman Building	-	-	50,000	-	50,000
City of Madras/Earl Street	-	-	500,000	-	500,000
City of Madras/Olive Street	-	300,000	-	-	300,000
	<u>\$ 574,000</u>	<u>\$ 630,000</u>	<u>\$ 810,000</u>	<u>\$ 110,000</u>	<u>\$ 2,124,000</u>

Housing credits

The Commission provides housing credits to developers at an estimated rate of \$1,500 per apartment and \$2,000 per home. The final credit amount will be set by the Jefferson County Assessor based on the assessed value of the homes at completion. At year end June 30, 2023, the Commission estimates the future commitments per year to be as follows:

	Development			
	Treasure Hills	Willowbrook Pkg 1	Yarrow Apartments Pkg 1	Morning Crest - Phase 6
	\$	\$	\$	\$
2023-24	82,551	132,679	48,852	35,284
2024-25	85,028	136,659	50,318	36,343
2025-26	87,579	140,759	51,827	37,433
2026-27	90,206	144,982	53,382	38,556
2027-28	92,912	149,331	54,984	39,713
Thereafter	-	263,781	114,966	74,800
	<u>\$ 438,277</u>	<u>\$ 968,192</u>	<u>\$ 374,329</u>	<u>\$ 262,129</u>

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INDIVIDUAL FUND SCHEDULES

MADRAS REDEVELOPMENT COMMISSION
COMMERCIAL PROPERTY TAX AND DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Biennium Budget	FY 2022-23 Actual	Variance
Revenues			
Property taxes	\$ 1,544,986	\$ 746,926	\$ (798,060)
Interest	-	5,519	5,519
Total revenues	1,544,986	752,445	(792,541)
Expenditures			
Debt service	1,315,200	654,721	660,479
Contingency	482,721	-	482,721
Total expenditures	1,797,921	654,721	1,143,200
Net change in fund balance	(252,935)	97,724	350,659
Fund balance at beginning of year	252,935	262,326	9,391
Fund balance at end of year	\$ -	\$ 360,050	\$ 360,050

MADRAS REDEVELOPMENT COMMISSION
HOUSING PROPERTY TAX AND DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2023

	Biennium Budget	FY 2022-23 Actual	Variance
Revenues			
Property taxes	\$ 476,000	\$ 188,296	\$ (287,704)
Interest	-	120	120
Miscellaneous	-	52	52
Total revenues	<u>476,000</u>	<u>188,468</u>	<u>(287,532)</u>
Expenditures			
Debt service	485,000	181,575	303,425
Contingency	3,885	-	3,885
Total expenditures	<u>488,885</u>	<u>181,575</u>	<u>307,310</u>
Net change in fund balance	(12,885)	6,893	19,778
Fund balance at beginning of year	<u>12,885</u>	<u>5,212</u>	<u>(7,673)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 12,105</u>	<u>\$ 12,105</u>

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon

We have audited the basic financial statements of the Madras Redevelopment Commission (the "Commission") as of and for the year ended June 30, 2023, and have issued our report thereon May 22, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the Commission was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon
Independent Auditor's Report Required
By Oregon State Regulations

OAR 150-294-0430 – general operating contingencies

The Commission appropriated contingencies in the following non-operating funds. An operating fund is defined as one which contains estimates for personnel services, materials and services, or capital outlay:

- Commercial Property Tax and Debt Service Fund
- Housing Property Tax and Debt Service Fund
- Commercial Revolving Loan Fund

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Restriction of Use

This report is intended solely for the information and use of the Board of Commissioners and management of the Commission and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

May 22, 2024

By:



Brad Bingenheimer, Partner