

**NeahCasa, an Oregon nonprofit corporation
Form 1023 Attachments**

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Other Attachments:

- Newsletter
- Conflict of Interest Policy
- Professional Services Agreement
- Home Ownership Eligibility Requirements
- Home Ownership Eligibility Application
- Fulcrum/NeahCasa Memo of Understanding
- Newspaper Clippings

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Attachment to Form 1023

Part I, Line 7

Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, Power of Attorney and Declaration of Representative, with your application if you would like us to communicate with your representative.

Martha Taylor, Attorney
Community Development Law Center
921 SW Washington St., Suite 454
Portland, Oregon 97205
Phone: 503-471-1149
Fax: 503-248-1100

Alternative representative:

Nancy Murray, Supervising Attorney
Community Development Law Center
921 SW Washington St., Suite 454
Portland, Oregon 97205
Phone: 503-471-1182
Fax: 503-248-1100

See Form 2848, enclosed with this application.

Attachment to Form 1023
Part IV, Narrative Description

Describe your past, present and planned activities in a narrative.

Background:

In February 2005, a group of citizen volunteers began meeting to explore housing affordability issues in the Nehalem Bay area of Tillamook County, Oregon, a rural coastal community of about 3,500 full-time residents.

In the fall of 2005, NeahCasa was formed as an Oregon nonprofit corporation to address housing issues. The NeahCasa Board of Directors is a dedicated group of volunteers, with expertise in affordable housing, architecture, real estate, community based non-profits, financial planning and investment.

In order to educate ourselves, NeahCasa board members met over the course of 2005 and 2006 with various housing stakeholders in the immediate area and in the region, including: representatives from local jurisdictions (i.e., Cities of Manzanita, Wheeler and Nehalem, Tillamook County Commissioners, Tillamook County Planning Department and Tillamook County Economic Development Council); service agencies (e.g. Head Start, Habitat for Humanity, Community Action Resources Enterprises); as well as regional affordable housing experts (Community Action Team, Housing Development Corporation, NW Oregon Housing Authority, Neighborhood Partnership Fund, Rural Organizing Project and Rural Initiative).

It became clear that what was needed was a locally based, non-profit, non-partisan group who could “think outside the boxes” of traditional solutions.

This group needed to be able network and partner to create solutions both in the public sector through zoning, tax structure and land use law, as well as privately through local investment, grants and other fundraising both public and private to acquire land, and acquire and build housing affordable for the workforce and the economically vulnerable in our community.

In the summer of 2006, the NeahCasa Board determined that the best structure to maintain community control of housing and land values in perpetuity would be to establish NeahCasa as a Community Land Trust.

The Community Land Trust Advantages in Providing Low-Income Housing:

A Community Land Trust is not a trust in a traditional, legal sense. It is a nonprofit corporation made up of homeowners and community volunteers which protects the community’s long-term interest by continuing to own land while leasing the long-term use of the land to individual homeowners (also known as “leaseholders”). This “dual ownership” framework protects the land from significant price escalation while providing an opportunity for low-income residents for home ownership.

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The terms of the arrangement are defined in a long-term lease between the Community Land Trust and the homeowner/leaseholder. The land trust offers leaseholders the security and privacy of homeownership and an opportunity to transfer the lease to their heirs. A Community Land Trust protects affordability for future residents by controlling the price of the homes on resale. The Community Land Trust retains an option to purchase the homes, if residents choose to sell, at a below-market price. The Community Land Trust lease agreement includes a formula for calculating this price which is based on a third party appraisal that offers home owners fair compensation for the home. The price does not include the value from market appreciation of the land, since that continues to be owned by the Community Land Trust.

The need for housing in Tillamook County, Oregon:

The area's traditional logging, dairy farming and fishing industries are in serious decline and its median income remains one of the lowest in the state. According to 2006 data the median household income in the State of Oregon was \$50,051. Tillamook County median income is \$34,300 for one person, \$49,000 for a family of 4.

Tourism is now the area's main economic base with the typical result in recent years of soaring land values and housing prices. Hemmed into a tiny strip along Highway 101 by the ocean to the west and state and private forestry lands to the east, once available land is being bought up at alarming rates by people outside of the community wanting retirement or vacation homes.

New housing being built by large developers, both condominium and single family style, is for these same wealthy part-time residents and retirees. When rented, houses are usually priced for the lucrative short-term vacationer market, not the local service workers who increasingly are priced out of the community.

Data collected for Tillamook County's Urban Grown Boundary study show that in the last 12 months actual sales data shows average lot price for 18 lots sold at \$258,000. Only two lots sold for prices affordable for people with incomes of \$50,000 or less.

Average home sale prices for 74 homes was \$474,000. Several homes sold for over \$1 million. Only 12 homes sold for prices affordable for incomes of \$75,000 or less (which represents 505 households or 85% of the residents). That meets only 16% of housing needs for those households.

Home ownership is now beyond the means of even those with moderate income levels (i.e. the workforce of nurses, teachers, bank tellers and police officers, as well as city & county employees), and rental is increasingly difficult for the low income, especially the young people just getting started, as well as the elderly and disabled and those on fixed incomes.

A Buildable Lands Study Tillamook County undertook in Spring 2007 indicated that 41% of the population (264 out of 589 households) are paying more than 30% of their

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annual income for housing, the accepted indicator of affordable housing. In addition, over 70% of residents could not afford to purchase housing at current prices.

In short, our community is facing critical workforce housing shortages, typical of resort communities everywhere.

Activities:

NeahCasa seeks to fulfill its mission through the following:

1. Organized a Tillamook County countywide Housing Summit in April 2006 that was funded by the Tillamook County Commissioners, the City of Manzanita, the Tillamook County Economic Development Council, the Tillamook County Futures Council and the TLC Credit Union in the total amount of \$1850. The summit was attended by almost 100 people, including 2 county commissioners, our state senator and representatives, and local government representatives as well as businesses, realtors, and community members concerned about the issues.

This activity furthered our exempt purposes by promoting “social welfare by lessening the burdens of government through assisting jurisdictions in the corporation’s service area to provide the full spectrum of housing for residents mandated by state land use laws” (Article IX, #4), advocating “for systemic changes that enhance housing affordability” (Article IX, #13); engaging “ineducational and charitable activities with the meaning of Section 501©3 of the Internal Revenue Code” (Article IX, #14); and networking “to engage, partner and contract with other persons and entities in support of these purposes.” (Article IX, #16)

20% of our time in 2005-2006 was spent organizing and preparing for the Housing Summit.

2. In January, 2006, NeahCasa partnered with CARE (Community Action Resources Enterprise), the Tillamook County community action agency, a nonprofit corporation with tax exempt status, to create a \$26,000 Student Family Housing Fund that provides grants for emergency housing needs (e.g. 1st/last month’s rent, cleaning deposits, utility bills) to families with students in the local NeahKahNie School District #56. The fund was created with a grant from Meyer Memorial Trust to CARE and a matching local anonymous contribution to CARE, as well as smaller amounts from US Bank and Windermere Realty which were granted to CARE. 15 families were helped in 2006.

This project furthers our exempt purpose by responding “to community needs for appropriate short-term and emergency housing.” (Article IX, #8)

Referrals are made by the Family Resource Counselors at the three schools in the NeahKahNie School District #56 and by caseworkers at the Tillamook County

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Commission on Children and Families. Decisions about grants are made by the NeahCasa Student Family Housing Committee that has two members, Mike Cook and Louise Christianson, both of whom are NeahCasa Board members.

18% of our time is spent in this activity. This activity is on going.

3. In August, 2006, NeahCasa volunteers wrote and secured a \$25,000 grant from the Oregon Department of Housing and Community Services for the Tillamook County Women's Crisis Center - the final piece of funding for a much needed emergency shelter in Tillamook. There are no other shelters anywhere in the county. The Tillamook County Women's Crisis Center is a nonprofit corporation with tax-exempt status and the grant was made directly to them.

This activity furthers our exempt purpose by providing funding for distressed women in crisis most of whom are low-income. As stated in Article IX, #8: "To respond to community needs for short-term and emergency housing."

2% of our time was spent on this activity. We spent no funds on this activity. This activity is *not* on going.

4. In 2006 NeahCasa initiated a landlord/tenant coalition to improve rental opportunities to the local workforce and emergency housing rather than the usually more lucrative short-term vacation rentals.

In November, 2006, NeahCasa launched a Rental Housing Support Group. Thirty landlords, property management professionals and sponsors attended a kick-off dinner, to hear guest speaker Norton Cabell, property management consultant, on the topic "How to Be Successful in the Rental Business." Participant survey results show a keen interest in education, forms, screening and networking. A core group is now arranging forms access and screening services and setting the basis for an ongoing organization.

In late spring 2007, NeahCasa initiated a cooperative relationship with the Clatsop County Rental Owner's Association and a joint meeting is planned for September 2007.

This activity furthers our exempt purpose by: providing "opportunities for present and future low-moderate-income people to secure housing that is decent and affordable and that is controlled by the residents on a long term basis;" (Article IX, #30 and responding "to community needs for appropriate short-term and emergency housing (Article IX, #8); and providing "economic, social and educational support to residents of the community." (Article IX, #9).

5% of our time is spent on this activity. This activity is on going.

NeahCasa received \$0 in funding for this activity and there are no expenses to date, and all time is volunteered.

5. In 2006, NeahCasa set up a Website to share what we were learning with others.

This activity furthers our exempt purpose by providing information about our purpose in Article IX, #3: to provide opportunities for present and future low-and moderate-income people to secure housing that is decent and affordable and that is controlled by the residents on a long-term basis;” and more generally by the education portion of Article IX, #14 – “to engage in scientific, educational , research and charitable activities within the meaning of Section 501(c)(3) of the Internal Revenue Code.”

6% of our time is spent on this activity. This activity is on-going.

This activity was not funded in 2006 but was entirely volunteer labor. \$1200 is budgeted in 2007 for a revision of the site, funded by a grant in the amount of \$5,000 from US Bank.

6. In 2007, NeahCasa is building its capacity to become a Community Land Trust

- We have revised and filed our Articles of Incorporation and By-Laws to accommodate the COMMUNITY LAND TRUST structure.
- We are applying for our tax exempt status.
- We have joined the NW COMMUNITY LAND TRUST COALITION and the NATIONAL COMMUNITY LAND TRUST NETWORK.
- Board members are attending trainings and workshops; e.g. 3 board members received a scholarship to attend the Land Institute’s “Community Land Trust 101” workshop in Seattle in October 2006, while a \$300 training grant from the Tillamook County Economic Development Council made it possible to attend NW Community Land Trust Coalition’s regional conference that same week. Attendance at other events such as the annual Oregon Association for Housing & Land Use conference, the Ford Family Foundation Organizational Effectiveness Workshop, and the spring gathering of the NW Community Land Trust Coalition were funded by private donations.
- In June 2007 we received a \$5,000 grant from US Bank through another organization (Fulcrum Community Resources) for our capacity building efforts. We have also secured \$5,000 in private donation pledges for administrative costs for this fiscal year and \$8000 over the coming two years.
- We are continuing public outreach and education to raise awareness of the housing issues and potential solutions as well as initiating a membership and fundraising campaign to further our mission.

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- NeahCasa issued its first newsletter in early June, 2007. The newsletter included a funding and membership appeal. A copy is attached.

7. Future Activities as a Community Land Trust

NeahCasa plans to purchase or be given property to build and renovate houses and multi-family dwellings for low-income residents (at or below 80% of area median income, adjusted for family size) and for some moderate income residents (at or below 120% of area median income, adjusted for family size). NeahCasa may also lease units. We intend to do this with financial assistance from state, local and federal housing programs and private foundations as well as using low-income tax credits and local investment.

NeahCasa intends to restrict sales and leases to moderate income residents to comply with IRS guidance on mixed income projects. Unless modified by the IRS, NeahCasa will follow the guidance in Revenue Procedure 96- 32 and no more than 25% of the units in each project will be leased to moderate-income residents. In addition, in these mixed-income projects, NeahCasa will reserve at least 40% of the low-income units for residents earning 60% of area median income, adjusted for family size.

Some homes will be concentrated in neighborhoods, others will be scattered throughout the community as they become available. The land will remain in the ownership of NeahCasa as a Community Land Trust and pre-qualifying residents will be offered a 99 year ground lease for the homes. In some cases, the houses themselves will also be owned by NeahCasa and will be rented to pre-qualifying residents.

There are two potential properties suitable for development under discussion at this time:

- County/Cartm Property - We have had two meetings with the Tillamook County Commissioners and the City of Manzanita about a 1.5 acre piece of property owned by the County within the Manzanita Urban Growth Boundary that the County would like to donate to NeahCasa and Habitat for Humanity as a joint project to create an affordable housing pocket neighborhood. The County Public Works Department is currently reviewing water quality issues on an adjacent wetland, a process that could take up to a year.
- A second property is also becoming available. See answer for Part V, Section 7a for description.

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**Attachment to Form 1023
Part V, Line 1a**

Line 1a: Additional Board Members:

Name	Title	Mailing address	Compensation
Lane deMoll	President	38755 Reed Road Nehalem, Oregon 97130	None, Services contract described in Part V, Line 7a
Denise Lofman	Vice President	P.O. Box 533 Wheeler, OR 97147	None
LeeAnn Neal	Secretary	PO Box 912 Manzanita, Oregon 97130	None
Edith Rohde	Director	PO Box 1149 Manzanita, Oregon 97130	None
Natasha Stevens	Director	3633 Pacific Palisades Place Nehalem, Oregon 97131	None

Attachment to Form 1023
Part V, Lines 1b, 1c, 2a and 2b

Part V, Lines 1b and 1c. There currently are no employees or independent contractors who receive \$50,000 or more compensation per year, nor have any projects been planned for which such persons could be identified. In the event a person meet this criterion in the future, the person's identity and amount of compensation will be disclosed on Form 990.

Part V, Line 2a. *Are any of your officers, directors or trustees related to each other through family or business relationships? If "Yes", identify the individuals and explain the relationship.*

Tom Bender, director, is married to **Lane deMoll**, director and President.

Part V, Line 2b. *Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.*

NeahCasa may contract for goods or services from its directors or officers, as described in Section 7. In the event NeahCasa does enter into a contractual relationship with a director or officer, it will follow the procedures in its conflict of interest policy relating to potential excess benefit transactions under Section 4958 of the Code.

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Attachment #8 to Form 1023

Part V, Line 3a

For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

Name	Duties	Qualifications	Avg Hrs/mo
Lane deMoll	President: create meeting agenda, administrative oversight, grant writing, bookkeeping, community outreach and networking; website maintenance	Former founding Executive Director Cartm Recycling & Fire Mountain School; former founding Board Member Lower Nehalem Community Trust; Board, NW Oregon Community Development Collaborative	35
Denise Lofman	Vice President: chairs meetings, grant writing, grant oversight	Executive Director, Tillamook Bay Watershed Council; former staff, Global Green USA/Green Cross International; former Peace Corps Volunteer	15
LeeAnn Neal	Secretary: takes minutes, does PR and outreach	Reporter for <i>North Coast Citizen, Daily Astorian, Coast Business Review</i> ; former staff Cartm Recycling	10
Kelly Benson	Treasurer: finances oversight, grant writing, community outreach	Manager, Manzanita Branch of US Bank, Manzanita Planning Commission, Tillamook County Women's Crisis Center Board	12
Tom Bender	Director: informational materials, jurisdictional outreach, future development planning & site assessment; articles and bylaws creation; CLT capacity building	Registered Architect, founding board member Lower Nehalem Community Trust; 1981 State of California Affordable Housing Award; Developer of the 2001 Developer of the Year Award from 1000 Friends of Oregon; numerous national architectural green building awards	40

Mike Cook	Director, grant writing & manager of Student Family Housing Fund; coordinator of Rental Housing Support Group; community outreach	Former staff of Portland Development Commission, Board of Cartm Recycling; architectural training	20
Louise Christianson	Director: assists in managing Student Family Housing Fund; events planning & coordination	Former financial planner; former Kiwanis Club event organizer, Nehalem Grade School Volunteer	10
Edith Rohde	Director: developed & maintains mailing list; develop articles & bylaws and CLT capacity; edits newsletter	Former real estate agent; former Public Relations Director for Fairbanks North Star Borough School District and the University of Alaska Statewide System	35
Natasha Stevens	Director: community outreach, fundraising committee	Young community member with housing needs; owner of Huckleberry Hill plant nursery	8

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Attachment to Form 1023
Part V, Line 5a

Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board.

The attached conflict of interest policy was adopted by resolution of the NeahCasa Board of Directors on July 14, 2007.

Attachment to Form 1023
Part V, Line 7a

Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases.

Current services contract:

Lane deMoll, director and President. At the June 9, 2007 NeahCasa Board meeting, the Board approved a contract with Lane deMoll as an independent contractor to perform administrative tasks associated with the capacity building process (50 hours authorized at this time) and the revision of the NeahCasa website (25 hours). The Board authorized a pay rate of \$20/hour. The Professional Services Agreement is attached.

(a.) Fair market value. This pay rate is commensurate with local non-profit administrative salaries that range between \$18-35/hour. A local web designer presently charges \$20/hour. Lane charges \$50/hour for other organizational consulting.

(b.) Arm's length negotiation. The newly adopted Conflict of Interest Policy was followed. After a brief presentation by Lane, both Lane and Tom Bender, director and husband of Lane deMoll, left the room for the discussion and vote on her hiring. A copy of the contract for services is attached.

Possible future services contracts:

- **Tom Bender**, director, for green architectural, land use planning and development services due to his award winning designs for the Bank of Astoria for which he was awarded Developer of the Year in 2002 by 1000 Friends of Oregon and a 2001 Sustainable Design Award and Top Ten Green Building Award from the American Institute of Architects in 2002. Tom has a private one-person architectural practice in Neahkahnie. He designed Saint Catherine's Episcopal Church in Manzanita, the Manzanita Library, the Cannon Beach Chamber of Commerce, and numerous private homes locally.

(a.) Arm's length negotiation. If NeahCasa elects to contract with Tom, NeahCasa will follow its Conflict of Interest Policy regarding potential excess benefit transactions to ensure that such agreements are arms length transactions.

(b.) Fair market value. NeahCasa will seek proposals from 2 other architects and will choose the lowest responsive, responsible submittal.

- From time to time, NeahCasa may choose to enter into contracts for services from some of its Board members.

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(a.) Arm's length negotiation. If such a situation arises, NeahCasa will follow its Conflict of Interest Policy regarding potential excess benefit transactions to ensure that such agreements are in the best interest of NeahCasa are arms length transactions.

(b.) Fair market value. Contracts will only be approved after research into appropriate fees and prices for comparable work. Where appropriate (i.e. size of contract above \$3,000.00) 3 bids will be obtained before a decision to sign a contract is made by the board.

Purchase of Assets

Board members Tom Bender and Lane deMoll have purchased a 10.6 acre property for the asking price of \$208,000 that they intend to sell to NeahCasa to develop as affordable housing. No purchase contract has been entered into at this time. Prior to NeahCasa entering into a contract to purchase this property the following steps will be followed:

(a.) Fair market value: Appraisal of the property by a third party appraiser to determine the fair market value.

(b.) Arm's length negotiation. Terms for the purchase agreement between Tom Bender and Lane deMoll and NeahCasa will be made with the help of legal counsel representing NeahCasa.

Prior to executing the purchase agreement, the purchase agreement will be presented to the NeahCasa board of directors and a vote will be taken according to the procedures in NeahCasa's Conflict of Interest policy regarding potential excess benefits transactions, whereby Tom and Lane declare a conflict of interest and remove themselves from the room for the purposes of discussion and vote on the agreement.

Purchase of Goods

At this time NeahCasa has not made any purchases of goods from any Board members. However, in a small town, it is likely that such circumstances could arise.

(a.) Arm's length negotiation. NeahCasa will follow its Conflict of Interest Policy regarding potential excess benefits transactions.

(b.) Fair market value. Purchases will only be approved after research into appropriate fees and prices for comparable goods. Where appropriate (i.e. size of purchase above \$3,000) 3 bids will be obtained before a decision to purchase is made by the board.

Attachment to Form 1023
Part V, Line 8

Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.

Line 8b. *Describe written or oral arrangements.*

Leases with Board Members under Community Land Trust - At this time we do not have any leases with Board Members. However, our Articles and By-laws follow standard Community Land Trust organizational structure that calls for 1/3 of the Board of Directors to be homeowners and lessees from the Community Land Trust. (Another 1/3 of the Board is public representatives; i.e. housing affordability stakeholders; and 1/3 are citizens at large).

Line 8c. *Identify with whom you would make such arrangements.*

NeahCasa has four members of its present Board of Directors who are likely to be candidates for home ownership under the Community Land Trust model. Each earn well below the median income for our community. HUD figures for 2007 for non-metro Area Median Income (AMI) is \$45,600 for a family of 4. Tillamook County's median income for a family of 4 is \$39,000. These individuals are on the Board to represent the perspective of low-income community members.

- Kelly Benson, director and founding board member, grew up in Nehalem and graduated from NeahKahNie High School. Kelly is the Manzanita Branch Manager for US Bank. As a single mother with three children, the \$39,000 she earns puts her at 80% of Tillamook County's median income, thus qualifying her for home buying assistance. What she earns is too much to qualify for the school free lunch program but doesn't stretch far enough to cover the cost of a new home.
- LeeAnn Neal, director and founding board member, is the 6th generation of two Tillamook County pioneer families. She is a freelance journalist who works for small local newspapers in Clatsop and Tillamook Counties and also works at the local pizza parlor. She has an income of just under \$18,000 (52% of Tillamook County's median family income).
- Edith Rohde, director, is a retiree living on a small fixed income of \$18,048 including Social Security and retirement income. She is at 52% of Tillamook County's median income for a single person household.
- Natasha Stevens, director, works as a waitress and her husband as a handyman. Together, they are starting a small nursery business. They have an 18 month old child. They fall into the very low income category. Currently renting, they intend to live permanently in this community and dream of owning their own home.

Line 8d. *Explain how terms will be negotiated at arms length.*

In order to maintain an arm's length between eligible Board members and the selection process for home residents, applications to NeahCasa and eligibility determinations for rental or lease/ownership will be handled by a separate **Resident Selection Committee** whose membership includes board members, NeahCasa Members, and other community volunteers and staff. This committee will be appointed by the Board of Directors. Any Board, staff, member and community representatives who are potential candidates for rental or home ownership ground leases, WILL NOT serve on this committee, in order to avoid potential conflict of interest. The NeahCasa Conflict of Interest Policy will be followed by this committee relating to potential excess benefit transactions under Section 4958 of the Code.

Line 8e. *Explain how you will determine fair market value.*

The Community Land Trust lease agreement includes a formula for calculating the home price which is based on a third party appraisal of the value of the home, minus the land value.

Line 8f. *Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.*

Two handouts stating the present NeahCasa eligibility requirements for homeownership and the NeahCasa Homeowner application form under the Community Land Trust structure are attached.

Loans to Board Members

NeahCasa does not plan on making loans to directors or officers. Oregon law only permits such loans if strict conflict of interest procedures are followed. ORS 65.364. If such loans are made, these procedures and the NeahCasa's Conflict of Interest Policy would be followed.

Attachment to Form 1023
Part V, Line 9

Line 9. *Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee own information requested in lines 9b through 9f.*

NeahCasa has entered into contracts with two local nonprofit corporations, Fulcrum Community Resources and NW Oregon Community Development Collaborative, that have board members who are also on the NeahCasa board.

Fulcrum Community Resources

Overlapping Board Members are Lane deMoll and Tom Bender. There are a total of 6 board members.

b. Describe written or oral arrangements. Fulcrum is acting as the fiscal agent for NeahCasa until it can obtain its own tax-exempt status. Individual donations as well as foundation grants to NeahCasa are presently made through Fulcrum Community Resources until NeahCasa can achieve its own 501c3 status. On January 31, 2007 the Fulcrum Community Resources Board unanimously voted to accept the NeahCasa Housing Trust Capacity Building Project as a Fulcrum Project and agreed to sponsor any grant applications for this project. A grant was subsequently applied for and awarded to Fulcrum and NeahCasa in June 2007 by US Bank for \$5,000.

c. Identification of other organization. Fulcrum Community Resources is an Oregon nonprofit corporation formed in 1994 and is exempt from taxation under Section 501(c)(3). Fulcrum's stated purpose is to initiate and sponsor projects that assist the transition of the Nehalem Bay community of coastal Oregon to a sustainable future; to develop support services to local groups, projects, and events as an umbrella; provide fiscal sponsorship for funding for compatible groups and projects; and organize and network among local organizations.

d. Terms negotiated at arm's length. Complying with the Fulcrum Community Resources' Conflict of Interest Policy, Tom Bender and Lane deMoll left the room for this discussion and vote. The following was agreed upon by the remaining board members regarding the grants.

e. Fair market value.

- Disbursement of the grant money will be as follows: 50% when the money from the granting agency has cleared the bank; 40% when the 50% has been spent and reconciled; and the final 10% when the project is complete and the final report(s) completed.
- For each donor Fulcrum wants quarterly reports that include a program description of the deliverables and a financial report with receipts. Fulcrum also requires a report at 50% spent; 90% spent and 100% spent.

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Further, board members from each organization, other than Tom Bender and Lane deMoll, are responsible for the oversight of financial aspects of the grant and/or donation process. NeahCasa Board Vice President, Denise Lofman and Fulcrum Board Treasurer, Lucy Brook, will be the liaisons for the joint project. Their responsibilities are:

- Be the contact points and receive written and oral communication
- Lucy Brook will reconcile the quarterly reports and give them to the Fulcrum board
- Be aware of any major issues.

f. Attach a copy. The boards of NeahCasa and Fulcrum have both approved the attached Memo of Understanding (MOU) that spells out more details and logistics of the grant process.

NW Oregon Community Development Collaborative (NOWCDC)

Overlapping Board Member is: Lane deMoll. There are a total of 6 board members.

b. Describe written or oral arrangements. NOWCDC submitted a proposal in early May 2007, to the Oregon Department of Community Services to provide \$10,000 in funds for NeahCasa to begin the process of bringing a potential new property into the urban growth boundary. If this grant, portions of this grant or other grants are awarded, the terms of the contract and dollar amounts will be negotiated. No contractual arrangements have been made to date.

In the future, NeahCasa may enter into other similar arrangements with NOWCDC for planning, development and/or management of its low-income housing projects, programs and facilities.

c. Identification of other organization. NW Oregon Community Development Collaborative (NOWCDC) is a regional affordable housing coordinating partnership that is a 501(c)(3) tax-exempt organization. The group consists of non-profit housing providers in Clatsop, Columbia and Tillamook Counties who are working together to create and maintain affordable housing in their respective communities. Other Board members include representatives from the Community Action Team, Cannon Beach Community Development Corporation, Community Action Resources Enterprise, Clatsop Community Action and Clatsop County Housing Authority.

d. Terms negotiated at arm's length. Any agreement between NOWCDC and NeahCasa will be approved by board members other than Lane deMoll and Tom Bender, who will recuse themselves from any decisions concerning contracts where a conflict of interest might exist in accordance with NOWCDC's Conflict of Interest Policy and with NeahCasa's Conflict of Interest Policy.

e. Fair market value. The format of any written contract, including financial and compensation arrangements made with NOWCDC, will be made based on similar

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contracts and compensation arrangements used by other NOWCDC member organizations, which include most of the entities concerned with and responsible for housing affordability projects in the northwest Oregon region (a total of 6 member organizations). This will assure that compensation is in line with similar projects in the area.

f. Attach a copy. No written contract exists at this time. If the grant is awarded, a written contract will be developed at that time.

Future contracts

Similar arrangements will be made with any other organization that NeahCasa or its board members might be involved with in the future. NeahCasa will follow the conflict of interest procedures in its Conflict of Interest Policy to ensure that any other contractual arrangements are on terms that are at arm's length and fair market value.

Attachment to Form 1023
Part VI, Lines 1a and 1b

Part VI, Line 1a. *In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.*

NeahCasa intends to develop housing for qualified low-income individuals and families in the northwest coastal region of Oregon, with initial focus in Nehalem Bay area. Projects will be geared to individuals and families who earn at or below 80% of local median incomes. NeahCasa may also sell or lease to some moderate-income residents but intends to restrict leases to moderate income residents to comply with IRS guidance on mixed income projects. Unless modified by the IRS, NeahCasa will follow the guidance in Revenue Procedure 96- 32 and no more than 25% of the units in each project will be sold or leased to moderate-income residents. In addition, in these mixed-income projects, NeahCasa will reserve at least 40% of the low-income units for residents earning 60% of area median income, adjusted for family size.

We intend these projects (both neighborhood and scattered sites) to be based upon the "dual ownership" model of other community land trusts (CLTs) on land held in perpetuity by NeahCasa. The housing will be built or renovated by NeahCasa or its partners. Some will be rented to qualified lower income residents. Other homes will be sold under a long-term (99-year) lease arrangement to qualified participants (called "leaseholders"). NeahCasa will retain the ownership of the land and an option to repurchase these improvements at a limited price if residents choose to sell. The CLT lease agreement will include a formula for calculating this price that offers resident owners fair compensation for their investments, both original purchase and any improvements made. In order to retain this housing as affordable to low-income households in perpetuity, their fair share does not include value from market appreciation or of any NeahCasa investment in the land or buildings. We have not yet developed our home purchase agreement or resale details.

Part VI, Line 1b. *In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.*

NeahCasa has provided services to organizations via its Tillamook County Housing Summit in April 2006 that was attended by local governments and service agencies. Providing such summits fulfills NeahCasa's charitable purposes as follows:

- (a) by providing "educational support to residents of the community (Article IX, #9);
- (b) promoting "social welfare by lessening the burdens of government through assisting jurisdictions in the corporation's service area to provide the full spectrum of housing for residents mandated by state land use laws" (Article IX, #4); and
- (c) "to engage, partner and contract with other persons and entities in support of these purposes." (Article IX, #16).

Attachment to Form 1023
Part VI, 2 and 3

Part VI, Line 2 - *Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.*

Our programs will be open the general public who income qualify to lease our units or to buy homes, subject to the community land trust long-term leasehold. See the attached "Eligibility Requirements for Homeownership." (Attachment #10) These persons will subsequently become members of NeahCasa under the classification of "Lessee Members" which includes all persons who lease land or housing from NeahCasa or who lease or own housing located on land leased by another entity from NeahCasa. As Lessee Members they will benefit from services provided to the NeahCasa land trust communities by NeahCasa.

Part VI, Line 3 - *Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services or funds.*

As described in Part V, Line 7b, NeahCasa may enter into a housing lease agreement with present low-income Board members LeeAnn Neal, Kelly Benson, Edith Rohde, and/or Natasha Stevens.

Attachment to Form 1023
Part VIII, Lines 2a and 2b

Part VIII, Lines 2a & b - *Do you attempt to influence legislation? If "yes," explain how to attempt to influence legislation and complete line 2b.*

Line 2a. Yes, one of NeahCasa's stated purposes in Article IX, #13 of the Articles of Incorporation is "To advocate for systemic changes that enhance housing affordability." This activity is carried out on a very limited basis in two different ways:

(a). The Oregon Housing Alliance sponsored a legislative agenda for the 2007 Oregon legislative session to substantially increase funding for low-income housing in Oregon. From November 2006 to March 2007 NeahCasa Board members spent about 10 hours educating local jurisdictions about how the legislation could positively impact housing affordability issues in our communities and obtaining endorsements for the bills from local jurisdictions such as the Tillamook County Commissioners and the Nehalem City Council. On February 6, 2007 two board members took part in a housing lobbying day at the Capitol and spoke with our State Senator and Representative to obtain support for the bills. This involved 8 hours total for two board members.

The total time (18 hours) represented a small fraction (.02%) of the 744 total volunteer hours spent on the NeahCasa project from January – April 2007. No funds were expended on this activity.

In the future NeahCasa may speak out at the state level on such needed changes as funding for low income housing, the right of local jurisdictions to require local for-profit developers to include a percentage of low income housing (known as inclusionary zoning) and other such legislation furthering our purpose and mission to provide low income housing in our community.

(b). Public policy changes at the local city and county jurisdictional level are needed to facilitate the effective creation of low income housing. In order to educate communities about these actions and low income housing issues in general, NeahCasa has prepared a list of such action options which include recommending ordinance changes to include accessory dwelling units, deferred or lower systems development charges, mixed use zoning and the like. This list appears on our website, www.neahcasa.org

NeahCasa Board members have also volunteered time to present these possible actions to the Tillamook County Commissioners; the Nehalem, Wheeler and Manzanita City Councils; the North County Mayors and City Managers Meeting; the North County Intergovernmental Meeting; a joint meeting of the area Planning Commissions to address local housing affordability issues; and the 2006 Tillamook County Housing Summit.

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Approximately, 80 hours each year are spent on these sessions with local jurisdictional representatives. No funds have been expended to date on this activity.

Line 2b. *Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application.*

Yes. Form 5768 is attached. While NeahCasa does not intend to ever make lobbying, either locally or statewide, more than an incidental part of its overall program, we want to be free to undertake these activities when necessary to further our mission of providing low income housing and insuring it is available in our community in perpetuity.

**Attachment to Form 1023
Part VIII, Lines 4a, 4b, 4c and 4d**

Part VIII, Line 4a - *Do you or will you undertake fundraising? If yes, check all the fundraising programs you do or will conduct.*

Mail Solicitations – NeahCasa is planning a twice yearly newsletter/annual report mailing to local residents and homeowners in our community. A copy of the first mailing is attached. The mailing list has been developed using personal contacts, voter registrations lists for north Tillamook County precincts, as well as a list developed by the Lower Nehalem Community Trust from water users in the Cities of Manzanita, Wheeler and Nehalem and the Neahkahn Water District. We do not intend to use professional fundraisers.

Personal Solicitations – From time to time board members and other NeahCasa members approach individuals, businesses and organizations in the community for financial support. NeahCasa also took part in a local Alternative Gift Fair in December 2006 where local organizations made pitches to participants looking to make donations in other people's names as holiday gifts. It is likely that we will continue to take part in this event in coming years. We have also spoken to local service clubs such as the Kiwanis and the Manzanita Women's Club on NeahCasa programs and our need for donations.

Foundation Grant Solicitations – In February and March 2007 NeahCasa made three grant applications to date under the auspices of Fulcrum Community Resources: to Trust Management Services for \$10,000; to US Bank for \$10,000; and to the Meyer Memorial Small Grant Program for \$15,000. The US Bank awarded a grant for \$5,000. The Meyer Memorial grant application was withdrawn because their program only funds direct projects of an organization (not projects requested through another organization, in this case Fulcrum Community Resources). The Trust Management Services grant was not funded.

We may hire individual grant writers, but not professional fundraisers.

Phone Solicitations – Some of the personal solicitations are made by telephone to people we know well and who are already part of our support network. No random, blanket solicitations are or will be made. We do not intend to use professional fundraisers.

Accept donations on our website – Although we do not have a formal procedure for accepting donations on our website at this time, potential donors are directed to make tax deductible contributions via Fulcrum Community Resources. No donations have been received via this method to date.

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Government Grant Solicitations – The Tillamook County Commissioners contributed \$500 towards our production of a County Wide Housing Summit in April 2006. The City of Manzanita contributed \$250 to the same event.

To date we have not made any application for larger government grants. However, it is likely that grant applications will be made in the future for low-income housing funds from both the State of Oregon's Department of Housing and Community Service and the federal government (HUD and Rural Development funds). We may hire individual grant writers, but do not intend to use professional fundraisers.

Fundraisers – Although NeahCasa has not had any fundraisers to date such as dances, dinners, or benefit concerts, it is likely that such events will be held in the future as part of our outreach and membership/volunteer recruitment efforts. We do not intend to hire professional fundraisers.

Part VIII, Line 4b - *Do you or will you have written or oral contracts with individuals or organizations to raise funds?*

NeahCasa does not have any grant writing contracts at this time. All contracts with grant writers will be in writing. We do not intend to hire professional fundraisers.

Part VIII, Line 4c - *Do you or will you engage in fundraising activities for other organizations?*

In August, 2006, NeahCasa volunteers wrote and secured a \$25,000 grant from the Oregon Department of Housing and Community Services for the Tillamook County Women's Crisis Center - the final piece of funding for a much needed emergency shelter in Tillamook. There are no others anywhere in the county. The Tillamook County Women's Crisis Center is a nonprofit corporation with tax-exempt status and the grant was made directly to them. This activity is not on-going, but we may engage in similar grant writing activities for other nonprofit corporations with charitable missions similar to ours for low-income constituencies from time to time.

Part VIII, Line 4.d. – *List all states and local jurisdictions in which you conduct fundraisers.*

We will fundraise through mail, personal solicitations, and grant applications in Tillamook County and in the State of Oregon. Fundraising on our website is not limited to any particular state or local jurisdiction.

**Attachment to Form 1023
Part VIII, Lines 7a and 7b**

Part VIII, Line 7a – Do or will persons other than your employees or volunteers develop your facilities? If “yes,” describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.

We expect to develop the project ourselves. Northwest Oregon Community Development Collaborative (NOW CDC), Community Action Team (CAT) and/or Community Action Resources Enterprises (CARE) are all local nonprofits with development experience that can offer technical assistance.

We will contract to design and build the units. The Board will utilize a bidding process that will include a Request for Proposal process and a review of at least two bids. As a part of the selection process, the Board will consult with other regional Community Land Trusts and other non-profit agencies regarding the costs for similar services and will research with other non-profit organizations regarding costs for similar services to determine the fair market value of the service.

To date no local contractors are represented on the NeahCasa Board, nor is anyone currently on the board related to any such. However, this is a small town and such relationships may exist in the future. When such potential business or personal relationships arise, the NeahCasa Conflict of Interest Policy will be carefully followed.

Part VIII, Line 7b – Do or will persons other than your employees or volunteers manage your activities or facilities? If “yes,” describe each activity and facility, the role of the manager, and any business or family relationships(s) between the manager and your officers, directors, or trustees.

Once completed, NeahCasa projects may be managed by its own employees and/or local project residents. However, it is also possible that NeahCasa will contract for management services with outside contractors in our region specializing in low-income property management. Northwest Oregon Community Development Collaborative (NOW CDC), Community Action Team (CAT) and/or Community Action Resources Enterprises (CARE) are likely candidates.

No contracts or agreements have been made to date. Any proposed contracts will be vetted by legal counsel with experience in property management contracts.

**Attachment to Form 1023
Part VIII, Line 8**

Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.

There are no joint ventures currently pending. In the future, however, NeahCasa may enter into both limited partnerships and/or limited liability companies for the purposes of making use of low-income housing tax credits for our housing projects. A major portion of the funding available in a given year to affordable housing projects statewide is administered by the Oregon Department of Housing and Community Services and comes from these tax credits. In entering into these tax credit limited partnerships, NeahCasa will conform with the guidance from the IRS in the "Urban memo" to assure that NeahCasa maintains control of the property.

NeahCasa will ensure that the formative documents of the partnership will require that charitable purposes be advanced as follows:

a. The formative documents will specify that the partnership or LLC will operate housing that it owns in a manner that furthers charitable purposes by providing decent, safe, sanitary and affordable housing for low-income persons and families.

b. The formative documents will include a provision specifying that, in the event of a conflict between the obligations of NeahCasa in its capacity as general partner or managing member to operate the partnership or LLC in a manner consistent with such charitable purpose and any duty to maximize profits for the limited partners or other members, the charitable purposes contained in the limited partnership agreement or the LLC governing documents will prevail.

In addition, NeahCasa shall take the following actions:

a. Before entering into a partnership agreement or LLC governing documents, NeahCasa shall review an independent Phase I environmental report on the proposed project and exercise due diligence to minimize any risk before entering into any agreements for environmental indemnification;

b. NeahCasa will require the partnership or LLC to enter into a fixed price construction contract with a contractor that is bonded or that provides a performance letter of credit or adequate personal guarantee;

c. If the agreement requires NeahCasa to provide an operating deficit guarantee, the agreement will limit NeahCasa's liability in one or more of the following ways:

1. Limit the guarantee to not more than 5 years from the date the project first achieves break-even operations. Before entering into the formative documents, NeahCasa will obtain a market study or undertake other due diligence to verify that break-even operations for the project are expected within a reasonable period following completion of construction. For this purpose, “break-even operations” means the date upon which the project achieves 95 percent occupancy and the revenues received from normal operation of the project equal all accumulated operational costs of the project for a period of three consecutive months after completion of construction computed on a cash basis and in accordance with the project and loan documents.

2. Limit the guarantee to six months of operating expenses (including debt service). An operating debt reserve may be established based on projected operating expenses.

d. If the formative documents require NeahCasa to make a payment to the investors in the event of a reduction in the amount of tax credits received by the partnership or LLC (other than reductions to the investor’s capital contributions required under the agreement) from the amount expected at the time the agreement is signed, the agreement will limit the payments in one or more of the following ways:

1. If the formative documents include separate tax credit adjuster provisions due to (i) a permanent reduction in tax credits, (ii) a timing difference in tax credits where the projected credits for the first year must be delayed and taken in a later year, or (iii) ongoing shortfalls or credit recapture, payment under each separate adjuster provision will be limited to an amount that does not exceed the aggregate amount of developer and other fees (both payable and deferred) that NOWCDC or its affiliates are entitled to receive in connection with the project.

2. Provide that payments by NeahCasa will be treated as a capital contribution to the partnership or LLC or as a loan, which shall take priority over any other distribution of residual assets to partners or members upon sale or refinancing of the property.

e. NeahCasa will secure a right of first refusal to acquire the project at the end of the LIHTC compliance period. NeahCasa’s board of directors shall review any purchase of the project to ensure that the purchase price is reasonable and consistent with NeahCasa’s status as an organization described in IRC section 501(c)(3).

f. If the formative documents require the general partner or managing member repurchase the investor’s interest in the partnership or LLC in event of failure to meet certain fundamental requirements relating to project viability (*e.g.*, failure to qualify for LIHTC in whole or substantial part, failure to obtain permanent financing, or commencement of foreclosure proceedings on the construction loan), the repurchase price will not exceed the amount of capital contributions.

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g. If consent of the limited partners or investor members with respect to matters such as those described in the following sentence is required in the formative documents, such consent shall not be unreasonably withheld or shall be withheld only if one or more of the items described in the next sentence would likely be inconsistent with preserving the housing as low-income housing. Matters not involving day-to-day operations for which the investor partner or member may require its consent include but are not limited to (i) sale or refinancing of the LIHTC project, (ii) admission of a new partner or member, (iii) acquisition of additional property, (iv) transfer of the NeahCasa's interest in the partnership or LLC, (v) borrowing substantial additional funds, (vi) entering into contracts with affiliated entities, (vii) amendment of the formative documents, (viii) change of accountant or property manager, and (ix) approval of an annual budget.

h. Any right of a limited partner or other member to remove NeahCasa as a general partner or managing member will only be for cause as set forth in the formative documents, provided, however, that NeahCasa shall require that it be given written notice of any proposed removal that states the cause for such action and provides a reasonable period to cure the enumerated deficiencies.

Finally, NeahCasa shall also adhere to the policies reflected in the attached Conflict of Interest Policy (Attachment #9) to protect NeahCasa's interest before entering into such transactions.

**Attachment to Form 1023
Part VIII, Lines 11 and 15**

Part VIII, Line 11 – Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If “Yes,” describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.

Yes. There are no contributions currently pending. In the future such contributions will only be accepted if the Board determines them to be of benefit to the non-profit charitable purposes of NeahCasa and its low-income constituency. Before accepting a contribution, NeahCasa will meet to discuss any conditions imposed by the donor and any costs involved in accepting the donation. The NeahCasa Board will formally vote to determine the feasibility of acceptance of the donation.

Part VIII, Line 15 - Do you have a close connection with any organizations? If yes explain.

NeahCasa does not control another organization, nor is it controlled by another organization. Neither was it created at the same time as another organization by the same person or persons. Neither are there any persons who exercise substantial influence over NeahCasa and another organization.

NeahCasa does have a close connection with other organizations only because it operates in a coordinated manner with respect to programs and activities with the following nonprofit, tax-exempt organizations:

(a). Fulcrum Community Resources. Fulcrum has agreed to sponsor grant applications for NeahCasa. This was discussed in more detail in Part IV, number 3.

(b). Community Action Resources Enterprises (CARE) of Tillamook County. CARE manages the finances for the Student Family Housing Project which is managed by NeahCasa. This activity was also described in Part IV, number 2.

A grant from Meyer Memorial Trust and funds from US Bank and Windermere Realty and a private donor made possible this fund which makes emergency housing grants to families with children in the NeahKahNie School District #56. A committee of two NeahCasa board members (Mike Cook and Louise Christianson) decide upon grant requests of up to \$500 per family for such things as first and last months rent or utility bills. If needed the committee also helps families find homes to rent or other necessary services. The program is designed to help keep children in stable housing to benefit their learning ability. CARE and NeahCasa do not have overlapping board members.

(c). Tillamook County Chapter of Habitat for Humanity: NeahCasa may in the future have a connection with the Tillamook County Chapter of Habitat for Humanity for the purposes of cooperatively developing affordable housing on land currently owned by Tillamook County. The Tillamook County Commissioners have expressed their desire to

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donate the land to either or both NeahCasa and Habitat for Humanity for this purpose. The collaboration is in the very earliest stages of development and no formal agreements have been reached on any part of it by any of the concerned parties. No one from NeahCasa sits on the Habitat Board and no one from the Habitat Board sits on the NeahCasa Board.

**Attachment to Form 1023
Part IX, Financial Data**

A. Statement of Revenues and Expenses

Line 9: *Gross Receipts from Admissions, merchandise sold, or services performed, or furnishing of facilities in any activity that is related to your exempt purposes.*

In April 2006, NeahCasa received \$520 from 52 people paying \$10 each to purchase the lunch for the Tillamook County Housing Summit.

Line 23. Expenses not otherwise classified

Column a – 1/07 to 12/07

Newsletters.....	\$3000
Workshops & Trainings.....	1000
Insurance.....	1400
Printed Materials.....	500
IRS Application.....	750
Strategic Planning Retreat.....	250
Phone, Postage, Other Admin.....	850
Supplies.....	300
Memberships (NW CLT Network, Nat'l CLT Alliance).....	200
Total	\$8,250

Column b – 1/06 to 12/06

Materials & Supplies.....	\$175
Travel & Conferences.....	747
Housing Summit Expenses.....	1,757
Web Hosting.....	19
Other Administrative.....	127
Total	\$2,825

Column c – 1/05 to 12/05 = 0

Column d – 1/08 to 12/08

Land Purchase.....	\$250,000
Green Design Charette.....	5,000
Workshops & Trainings.....	2,000
Newsletter.....	3,000
Phone, Postage, Other Admin.....	1,000
Supplies.....	1,500
Printed Materials.....	1,500
Insurance.....	1,400
Memberships.....	1,000
Strategic Planning Retreats.....	800
Total	\$267,200

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Attachment to Form 1023
Part IX B., Line 19

Part IX B., Line 19. *Have there been substantial changes since 2006? Explain:*

There have been substantial changes in our financial status from 2006 to 2007 because the organization has begun to build its capacity to eventually provide housing in our local community. We received our first grant (\$5,000 from US Bank for capacity building), solicited and received our first pledges for operating expenses, and mailed out our first newsletter that had a fundraising component to it.

If we succeed in our dream of raising funds to purchase a piece of property in 2008, there will be even more substantial changes in 2008.

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**Attachment to Form 1023
Schedule F, Section I, Lines 1 and 2**

Schedule F - Homes for the Elderly or Handicapped and Low-Income Housing

Section I, Line 1- *Describe the type of housing you provide.*

We do not currently provide any housing.

NeahCasa plans to purchase or be given property to build and renovate houses and multi-family dwellings for low-income residents (at or below 80% of area median income, adjusted for family size) and for some moderate income residents (at or below 120% of area median income, adjusted for family size). NeahCasa may also lease units. We intend to do this with financial assistance from state, local and federal housing programs and private foundations as well as using low-income tax credits and local investment.

NeahCasa intends to restrict sales and leases to moderate income residents to comply with IRS guidance on mixed income projects. Unless modified by the IRS, NeahCasa will follow the guidance in Revenue Procedure 96- 32 and no more than 25% of the units in each project will be leased to moderate-income residents. In addition, in these mixed-income projects, NeahCasa will reserve at least 40% of the low-income units for residents earning 60% of area median income, adjusted for family size.

Some homes will be concentrated in neighborhoods, others will be scattered throughout the community as they become available. The land will remain in the ownership of NeahCasa as a Community Land Trust and pre-qualifying residents will be offered a 99 year ground lease for the homes. In some cases, the houses themselves will also be owned by NeahCasa and will be rented to pre-qualifying residents.

Section I, Line 2 - Provide copies of any applications forms you use for admission.

Copies of the NeahCasa Confidential Homeowner Application and Home Owner Eligibility Requirements are attached.

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**Attachment to Form 1023
Schedule F, Section I, Line 3**

Section I, Line 3 - *Explain how the public is made aware of your facility.*

We sent out our first newsletter in June 2007 to over 3000 residents primarily in the North Tillamook County area, though also some in the greater Tillamook & Clatsop County areas. The newsletter announces NeahCasa projects and the potential purchase of our first property. A copy of the newsletter is attached.

An announcement about a NeahCasa Open house and the possible land acquisition was also covered by *the North Coast Citizen*, *The Daily Astorian* and the *Tillmook Headlight Herald* (see attached). An Open House took place on July 7, 2007 at the North County Recreation District and gave the public an opportunity to tour the site and learn about NeahCasa's vision.

In the future the local public will receive 1-2 newsletters per year and coverage will continue in the above named newspapers. Interviews will also be granted from time to time at the KTIL (Tillamook), KSWB (Seaside) and KMUN (Astoria) radio stations.

We have begun to make presentations to local service clubs such as Kiwanis and the Manzanita Women's Club, as well as the Pine Grove and Neahkahnie Community Clubs. Other outreach has begun to ministers and local churches, local lending institutions, banks, and real estate companies. We already have strong connections with the local social service agencies, low-income housing agencies and school districts through our Emergency Family Housing program and these relationships will continue. NeahCasa will be making a presentation at the upcoming Clatsop Housing Solutions Conference in September 2007, and will likely be instrumental in organizing a Second Tillamook County Housing Summit sometime in 2008.

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Attachment to Form 1023
Schedule F, Section I, Lines 4a, 4b, 4c, 4d and 5

Schedule F, Section I, Line 4 a - *Provide a description of each facility.*

We do not have any facilities at this time.

Schedule F, Section I, Line 4 b - *What is the total number of residents each facility can accommodate?*

We do not have any facilities at this time.

Schedule F, Section I, Line 4 c - *What is your current number of residents in each facility?*

There are currently no residents, as the facility is only in the very early planning stages.

Schedule F, Section I, Line 4 c - *Describe each facility in terms of whether residents rent or purchase housing from you.*

We do not have any facilities at this time.

Schedule F, Section I, Line 5 - *Attach a copy of Residency or Homeownership Contract or Agreement.*

We have not yet developed those legal documents. However, their text will be in keeping with other Northwest and National Community Land Trusts.

**Attachment to Form 1023
Schedule F, Section I, Line 6**

Section I, Line 6 - *Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all joint venture agreements. Note. Make sure your answer is consistent with the information provided in Part VIII, line 8.* 6

There are no joint ventures currently pending. In the future, however, NeahCasa may enter into both limited partnerships and/or limited liability companies for the purposes of making use of low-income housing tax credits for our housing projects. A major portion of the funding available in a given year to affordable housing projects statewide is administered by the Oregon Department of Housing and Community Services and comes from these tax credits. In entering into these tax credit limited partnerships, NeahCasa will conform with the guidance from the IRS in the "Urban memo" to assure that NeahCasa maintains control of the property.

NeahCasa will ensure that the formative documents of the partnership will require that charitable purposes be advanced as follows:

a. The formative documents will specify that the partnership or LLC will operate housing that it owns in a manner that furthers charitable purposes by providing decent, safe, sanitary and affordable housing for low-income persons and families.

b. The formative documents will include a provision specifying that, in the event of a conflict between the obligations of NeahCasa in its capacity as general partner or managing member to operate the partnership or LLC in a manner consistent with such charitable purpose and any duty to maximize profits for the limited partners or other members, the charitable purposes contained in the limited partnership agreement or the LLC governing documents will prevail.

In addition, NeahCasa shall take the following actions:

a. Before entering into a partnership agreement or LLC governing documents, NeahCasa shall review an independent Phase I environmental report on the proposed project and exercise due diligence to minimize any risk before entering into any agreements for environmental indemnification;

b. NeahCasa will require the partnership or LLC to enter into a fixed price construction contract with a contractor that is bonded or that provides a performance letter of credit or adequate personal guarantee;

c. If the agreement requires NeahCasa to provide an operating deficit guarantee, the agreement will limit NeahCasa's liability in one or more of the following ways:

1. Limit the guarantee to not more than 5 years from the date the project first achieves break-even operations. Before entering into the formative documents, NeahCasa will obtain a market study or undertake other due diligence to verify that break-even operations for the project are expected within a reasonable period following completion of construction. For this purpose, “break-even operations” means the date upon which the project achieves 95 percent occupancy and the revenues received from normal operation of the project equal all accumulated operational costs of the project for a period of three consecutive months after completion of construction computed on a cash basis and in accordance with the project and loan documents.

2. Limit the guarantee to six months of operating expenses (including debt service). An operating debt reserve may be established based on projected operating expenses.

d. If the formative documents require NeahCasa to make a payment to the investors in the event of a reduction in the amount of tax credits received by the partnership or LLC (other than reductions to the investor’s capital contributions required under the agreement) from the amount expected at the time the agreement is signed, the agreement will limit the payments in one or more of the following ways:

1. If the formative documents include separate tax credit adjuster provisions due to (i) a permanent reduction in tax credits, (ii) a timing difference in tax credits where the projected credits for the first year must be delayed and taken in a later year, or (iii) ongoing shortfalls or credit recapture, payment under each separate adjuster provision will be limited to an amount that does not exceed the aggregate amount of developer and other fees (both payable and deferred) that NOWCDC or its affiliates are entitled to receive in connection with the project.

2. Provide that payments by NeahCasa will be treated as a capital contribution to the partnership or LLC or as a loan, which shall take priority over any other distribution of residual assets to partners or members upon sale or refinancing of the property.

e. NeahCasa will secure a right of first refusal to acquire the project at the end of the LIHTC compliance period. NeahCasa’s board of directors shall review any purchase of the project to ensure that the purchase price is reasonable and consistent with NeahCasa’s status as an organization described in IRC section 501(c)(3).

f. If the formative documents require the general partner or managing member repurchase the investor’s interest in the partnership or LLC in event of failure to meet certain fundamental requirements relating to project viability (*e.g.*, failure to qualify for LIHTC in whole or substantial part, failure to obtain permanent financing, or commencement of foreclosure proceedings on the construction loan), the repurchase price will not exceed the amount of capital contributions.

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g. If consent of the limited partners or investor members with respect to matters such as those described in the following sentence is required in the formative documents, such consent shall not be unreasonably withheld or shall be withheld only if one or more of the items described in the next sentence would likely be inconsistent with preserving the housing as low-income housing. Matters not involving day-to-day operations for which the investor partner or member may require its consent include but are not limited to (i) sale or refinancing of the LIHTC project, (ii) admission of a new partner or member, (iii) acquisition of additional property, (iv) transfer of the NeahCasa's interest in the partnership or LLC, (v) borrowing substantial additional funds, (vi) entering into contracts with affiliated entities, (vii) amendment of the formative documents, (viii) change of accountant or property manager, and (ix) approval of an annual budget.

h. Any right of a limited partner or other member to remove NeahCasa as a general partner or managing member will only be for cause as set forth in the formative documents, provided, however, that NeahCasa shall require that it be given written notice of any proposed removal that states the cause for such action and provides a reasonable period to cure the enumerated deficiencies.

Finally, NeahCasa shall also adhere to the policies reflected in the attached Conflict of Interest Policy (Attachment #9) to protect NeahCasa's interest before entering into such transactions.

**Attachment to Form 1023
Schedule F, Section I, Line 7**

Section 1, Line 7 - *Do you or will you contract with another organization to develop, build, market, or finance your housing? If "Yes," explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services. Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.*

We expect to develop the project ourselves. Northwest Oregon Community Development Collaborative (NOW CDC), Community Action Team (CAT) and/or Community Action Resources Enterprises (CARE) are all local nonprofits with development experience that can offer technical assistance.

We will contract to design and build the units. The Board will utilize a bidding process that will include a Request for Proposal process and a review of at least two bids. As a part of the selection process, the Board will consult with other regional Community Land Trusts and other non-profit agencies regarding the costs for similar services and will research with other non-profit organizations regarding costs for similar services to determine the fair market value of the service.

To date no local contractors are represented on the NeahCasa Board, nor is anyone currently on the board related to any such. However, this is a small town and such relationships may exist in the future. When such potential business or personal relationships arise, the NeahCasa Conflict of Interest Policy will be carefully followed.

Attachment to Form 1023
Schedule F, Section I, Lines 8, 9, 10a and 10b

Section I, Line 8 - *Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.*

Once completed, NeahCasa projects may be managed by its own employees and/or local project residents. However, it is also possible that NeahCasa will contract for management services with outside contractors in our region specializing in low-income property management. Northwest Oregon Community Development Collaborative (NOW CDC), Community Action Team (CAT) and/or Community Action Resources Enterprises (CARE) are likely candidates.

No contracts or agreements have been made to date. Any proposed Contracts will be vetted by legal counsel at the Community Development Law Center in Portland, Oregon who has extensive experience in public housing contract management.

Section I, Line 9 - *Do you participate in any government housing programs? If "Yes," describe these programs.*

We do not at this time participate in any government housing programs. But we may in the future receive grants through the Oregon Department of Housing and Community Services.

Section I, Line 10a - *Do you own the facility? If "No," describe any enforceable rights you possess to purchase the facility in the future; go to line 10c. If "Yes," answer line 10b. We do not currently have any facilities. [Will you be entering into a purchase contract? It can be contingent on inclusion in the UGB.]*

We do not own or operate any facilities at this time. In the future we are hoping to acquire and/or build and own facilities.

Section I, Line 10b - *How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.*

We do not currently own any facilities.

Attachment to Form 1023
Schedule F, Section III, Lines 1 and 2

Section III, Line 1 - *Do you provide low-income housing? If "Yes," describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing.*

Yes. NeahCasa intends to provide the opportunity for home ownership to the individuals who meet the following criteria:

- 1) Resident of the area for three years (this time period may be reduced if there is no waiting list for houses from NeahCasa);
- 2) Income at or less than 80% of the median wage for Tillamook County (adjusted for family size);
- 3) An acceptable credit rating;
- 4) Manageable amount of monthly debt
- 5) Proof of employment.

A handout for the public explaining these eligibility requirements is attached.

Section III, Line 2 - *In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If yes, describe what these charges cover and how they are determined.*

In the Community Land Trust model, the residents pay a monthly charge to cover the administrative fees of the Trust and the costs of maintenance of common areas and utilities. These fees will be determined based on actual costs.

Attachment to Form 1023
Schedule F, Section III, Lines 3a and 3b

Section III, Line 3a - *Is your housing affordable to low income residents? If "Yes," describe how your housing is made affordable to low-income residents. Note. Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 75% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 120% of the very low-income levels for the area.)*

Yes. Our housing is made affordable by the fact that NeahCasa will develop sustainably affordable housing in the community land trust model, in that the Trust will own the land, while the homeowner/leaseholder will own the building. In this way, the land itself will be taken "off the land market" and not be subject to rapid price escalation. The Land Trust will own the land in perpetuity and can therefore reduce a major cost of home ownership and financing costs for future residents by controlling the price of the land. We also intend to help low-income residents make use of any government or private foundation programs available to help with the financing and/or rents for the units.

Section III, Line 3b - *Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions.*

Yes, as part of the home purchase agreement, the homeowner/lease holder will only be able sell the building back to NeahCasa, which will then offer it to another qualified buyer, thus keeping the property affordable in perpetuity.