SquareOne Villages

Cooperative Services Agreement

This agreement is made this 14th day of December, 2023 between Peace Village Housing Cooperative., (the "Cooperative"/"Co-op") and SquareOne Villages ("SOV").

WHEREAS, SOV has as one of its purposes to "provide education, community service, and support for cooperative development throughout the community"; and

WHEREAS, SOV and the Cooperative together jointly declare their desire to foster the development and growth of housing cooperatives through cooperative efforts among cooperatives; and

WHEREAS, SOV and the Cooperative are both committed to providing affordable housing for low- to moderate-income people; and

WHEREAS, the Cooperative desires to use the services, assistance, and training offered by SOV; and

WHEREAS, the Cooperative desires that SOV have the power to assist the Cooperative through any period of operational difficulty;

NOW THEREFORE, in consideration of the payments, promises, and covenants herein described, the parties agree as follows:

I RESPONSIBILITIES OF SQUAREONE VILLAGES

1.1 **Marketing**. SOV will market available units at the Cooperative, and SOV cooperative housing projects in general, at appropriate levels, provide outreach and information to potential applicants, and maintain a comprehensive waitlist of all interested applicants for the benefit of the Cooperative and its members. If the Cooperative has contracted with a management company other than SOV, then SOV will provide copies of the applications and any supporting information to the property manager and work with them to ensure the timely processing of applications.

1.2 **Training**. SOV will provide training, including training for the Cooperative's Board of Directors and training in Fair Housing law and practices, especially in marketing, member selection, and relations among the Cooperative and its members, residents, and guests. SOV trainings will cover a curriculum of topics designed to provide the Cooperative's members with the skills to manage and operate the Cooperative. For specific topics that require specialized professional skills (maintenance, income tax preparation, advanced bookkeeping, etc.), SOV will maintain a list of professionals for referral to the Cooperative and/or will work with all member cooperatives to jointly pay for shared training. More intensive training and support will be provided to the Cooperative during its first two (2) year start-up period.

1.3 **Support Conflict Resolution**. SOV will support the Cooperative in developing structures to resolve disputes among the Cooperative's members. SOV will assist the Cooperative in the development of a conflict resolution policy. SOV will recommend conflict resolution trainings and professional mediators or other consultants as needed.

1.4 **Meetings**. A SOV representative will attend all regular Cooperative Board meetings. SOV's role at meetings will be to monitor policies and activities that relate to the operation of the Cooperative and SOV's duties herein, advise on them as appropriate, and serve as a sounding board for issues and concerns raised by residents.

In the event that the Cooperative contracts with a management agent other than SOV, SOV will monitor the following aspects of the Cooperative's operations at least quarterly, or more often if necessary in the sole judgment of SOV, and make available the following assistance.

1.5 **Management of Replacement & Vacancy Reserves**. SOV will assist with the management of the Cooperative's replacement and vacancy reserves consistent with this Agreement and with the terms and requirements of any funding sources or lenders.

a) Assist the Cooperative with establishing an appropriate savings account for monthly contributions to its replacement and vacancy reserves.
b) Transfer the Cooperative's regular contribution to its replacement and vacancy reserves into its reserves account on a monthly basis;
c) Assist in identifying appropriate ways to invest the reserves in interest-bearing accounts for the benefit of the Cooperative;
d) Disburse funds from the reserve account to the Cooperative in accordance with the capital replacement schedule and capital needs and maintenance assessments;
e) Assist with the creation and updating of a capital reserves study.

1.6 **Review Financial Operations**. Review the bookkeeping and financial performance of the Cooperative or its designated agent on a quarterly basis, or more often if necessary in the sole judgment of SOV. The Cooperative or its management agent will remain responsible for ensuring the preparation and maintenance of its own financial records (including, but not limited to, regular bookkeeping) and its own tax returns. SOV's services for the Cooperative will include technical assistance and support in the preparation of its annual operating budget. The Cooperative will, however, remain responsible for preparing its annual operating budget.

1.7 **Review Capital Needs Assessment**. SOV will help the Cooperative obtain an assessment of capital needs every three (3) to five (5) years, unless a different schedule is required by any funding or leasing agreement, and will review the results of the inspection of the real property with the Cooperative. This service notwithstanding, the Cooperative shall at all times be and remain exclusively responsible for maintaining its property in a safe and sound condition and for implementing the recommendations of a capital needs assessment. SOV shall not be liable to the Cooperative or to any third party for the condition of the Cooperative's property or for any

injuries, damages, claims, or expenses arising from, caused by, or associated with the Cooperative's property.

1.8 **Share Transfers**. SOV will calculate the Transfer Value of a departing member's share on behalf of the Cooperative. In addition:

a) SOV will pursue good faith efforts to work with the Cooperative in securing any necessary interim financing for the repurchase of a share according to the Cooperative's Bylaws and Articles of Incorporation.
b) SOV will pursue good faith efforts to work with prospective members in securing any necessary share financing for the acquisition of a share in the cooperative.
c) SOV will act as the closing agent for the share acquisition, including preparing all necessary closing documents.

1.9 **Assistance with Co-op Reporting Requirements**. Without in any way assuming liability or responsibility for the Cooperative's reporting requirements, SOV will provide technical assistance and administrative support for the Cooperative's reporting requirements to lenders, leaseholders, and federal, state, and local authorities.

1.10 **Refinancing Construction Debt**. SOV will assist the Cooperative in obtaining a mortgage or loan to refinance the outstanding debt from construction of the Cooperative's improvements at 3060 River Rd.

1.11 **Additional Services**. SOV may, at additional cost, either at the request of the Cooperative or in cases of default outlined in Section 3.3 below, provide assistance to and on behalf of the Cooperative in the following matters:

1. Member Default on Lease. Once it receives documentation from the Cooperative of a member's material violation of their Proprietary Lease, SOV will assist the Cooperative to issue a Notice of Default/Notice to Cure in accordance with the Cooperative's Bylaws and policies.

2. Payment Agreements. SOV will help the Cooperative negotiate, execute, and monitor the status of payment agreements between the Cooperative and one or more of its members for carrying charges or any other amounts the member owes to the Cooperative.

3. Eviction. SOV will assist the Cooperative in evicting members of the Cooperative who fail to meet the terms of their Notice of Default/Notice to Cure within the time allotted.

4. Small Claims Court. SOV will help the Cooperative file claims in small claims court against members to recoup carrying charge arrearages, the cost of damages to the Cooperative's property and other monetary claims resulting from a member's violation of the Proprietary Lease.

5. Property Management in Default. If SOV exercises its power of attorney under Section 3.4 of this agreement, SOV or its designated agent may, at SOV's sole discretion, provide the Cooperative with property management services.

6. Inspection of Rehab/Repair Work. SOV or its designated agent will provide inspections of repair and/or rehabilitation work performed on the Cooperative's property.

In providing the services described in this paragraph 1.10, SOV will act as the agent for the Cooperative.

II RESPONSIBILITIES OF THE COOPERATIVE

2.1 **Operate and Maintain Affordable Housing on a Cooperative Basis**. The Cooperative agrees that it is responsible for the operations of the cooperative corporation and any and all real property it owns, leases, or otherwise controls. The Cooperative agrees it will operate as a limited-equity cooperative, and will seek to further its purpose of providing housing affordable to people of low income as defined in its Bylaws. The Cooperative agrees to maintain its real property in compliance with all applicable local, state, and federal codes. The Cooperative agrees to comply with the provisions of all promissory notes, ground leases, master leases, deed restrictions, loan agreements, and other agreements which have been entered into by it. The Cooperative agrees to maintain current and complete records, including, but not limited to, board packets, policies, minutes, resolutions, etc. SOV will provide a free cloud-based storage platform for the Cooperative to use.

2.2 **Application Review**. The Cooperative agrees to select new members from the pool of applicants provided by SOV using SOV's waitlist described above in Section 1.1. In the event there are no households on the waitlist, the Cooperative and/or a retiring member seeking to sell a membership share may solicit new applicants. SOV shall determine that any proposed new member meets the maximum income limits and other eligibility criteria required by funding sources. The Cooperative agrees to ensure that at least two (2) of its members are currently trained in Member Selection and Fair Housing Law, by a curriculum approved by SOV, so they are prepared to interview applicants.

2.3 **Financial Recordkeeping**. The Cooperative will hire a qualified management agent to do so. If the management agent is not SOV, the Co-op will ensure that it will submit monthly financial statements to SOV within thirty (30) days of the end of each month. If SOV requires more frequent reporting, the Cooperative or its agent will submit financial statements as required, within thirty (30) days of the end of each reporting period.

2.4 **Annual Budget**. The Cooperative will transmit its annual budget for the year to SOV by January 30 of each year. As described in Section 1.2, the Cooperative may submit draft budgets earlier for SOV's review and assistance.

2.5 **Cooperation**. The Cooperative will cooperate with SOV so that SOV may effectively carry out its responsibilities under Section I of this agreement.

2.6 **Property Inspection/Capital Needs Assessment**. At least every three (3) to five (5) years, unless a different schedule is required by any financing or leasing agreement, the Cooperative shall procure the services of a competent property inspection service, for the purpose of reviewing the physical condition of the Cooperative's real property and providing or updating an assessment of capital needs. This inspection will review major building systems (electrical, plumbing, roof, structural, heating) and general building upkeep and will note any violations of local, state or federal housing codes. SOV shall be provided with a written copy of the findings of an inspection and assessment within fifteen (15) days of the date the report is completed. If such an inspection reveals any violations of local, state or federal housing codes, the Cooperative shall promptly make necessary repairs or corrections and provide proof of such repairs to the satisfaction of SOV. SOV reserves the right to inspect any such repairs made as a result of the property inspection. SOV and the Cooperative agree to work together in creating and/or updating a long range capital improvement plan for the Cooperative based on the results of regular property inspections and assessments of capital needs.

2.7 **Indemnification of SOV**. Nothing in this Agreement, including but not limited to SOV's technical assistance to the Cooperative and its right to cure defaults and intervene in the Cooperative's operations by virtue of a power of attorney granted to it by the Cooperative, is intended to impose any duty of care to any third party, including but not limited to Cooperative members. Accordingly, the Cooperative hereby agrees to indemnify, defend and hold SOV harmless against all liability, demands, claims, suits, losses, damages, causes of action, fines or judgment, including costs, attorneys' and witnesses' fees and expenses incident thereto for injuries (including death) to persons or property arising out of or in connection with the terms of this agreement, the parties' respective performance therewith, and any of the Cooperative's legal or statutory duties, unless such demand, claim or suit arises from SOV's own gross negligence or willful misconduct. The Cooperative will give SOV prompt notice and copy of any demand, claim or suit that is made against it during the term of this Contract.

2.8 **Other Responsibilities of the Cooperative**. The responsibilities of the Cooperative set forth in this Section II are in addition to any obligations and responsibilities which the Cooperative may have under any other agreement between the Cooperative and SOV or contained in any Note or Mortgage from the Cooperative.

2.9 **Cooperative Training**. The Cooperative agrees to make every reasonable and affirmative effort to ensure that its members participate in training from SOV in areas including, but not limited to, roles and responsibilities of Co-op committees and the Board of Directors, and non-discrimination practices in marketing and member selection.

2.10 **Insurance**. The Cooperative shall keep its property insured with an insurer authorized to do business in the State of Oregon against fire and other hazards within the meaning of the term "extended coverage" and including vandalism and malicious mischief coverage, on a replacement

cost basis in an amount sufficient to pay for the complete restoration of any partial or total loss. In addition, the Cooperative shall maintain a policy of public liability coverage providing coverage at least equal to $2,000,000.

III RIGHT OF SOV TO CURE DEFAULTS AND INTERVENE IN CO-OP OPERATIONS

3.1 **General Statement on SOV Actions and the Independence of Cooperatives**. While the Parties agree that SOV may exercise the rights set forth in paragraph 3.6 to cure defaults by the Cooperative, it is understood by the Cooperative that SOV is neither bound to do so, nor will it necessarily exercise the rights set forth in paragraph 3.6. Further, when exercising the powers to cure a default, SOV shall be acting in accordance with its power of attorney as per Section 3.2. The Cooperative shall at all times be and remain responsible for its debts, obligations, and liabilities, including those incurred on behalf of the Cooperative pursuant to paragraph 3.6. Under no circumstances is SOV obligated to expend its own funds to cure a default by the Cooperative.

3.2 **Power of Attorney**. The Cooperative hereby irrevocably constitutes and appoints SOV its true and lawful attorney-in-fact for the purpose of exercising the powers granted below under Section 3.5. SOV shall only exercise this power by decision of its Board of Directors after providing written notice of default as defined in Section 3.3, if the Cooperative fails to provide either an acceptable plan to cure the default or a notice of intent to submit to arbitration, all as described below in Section 3.4.

3.3 **Events Precipitating Default**. The Cooperative shall be in default of this Agreement under the following conditions:

a) The Cooperative fails to meet the obligations of any of its Loan Agreements, Promissory Notes, Ground Lease, Master Lease, or Mortgage Deeds including, but not limited to, the Cooperative's construction loan, first mortgage, home improvement loan(s), Down Payment loan(s), or other loans;
b) An inspection of the real property of the Cooperative reveals violations of local, state, or federal housing codes or reveals damage to the property resulting from negligent maintenance or upkeep which are not corrected in a timely manner as set forth in Section 2.6 above;
c) The Cooperative fails to meet monthly payment obligations to SOV under this Agreement, the Property Management agreement, or the Ground Lease for two consecutive months;
d) The Cooperative violates the Fair Housing Act or any other housing law;
e) The Cooperative fails to cooperate with SOV in the performance of SOV's responsibilities under Section I above;
f) The Cooperative fails to provide a budget or financial reports when due;
g) The Cooperative is in violation of any other term of this Agreement;
h) The Cooperative, in the opinion of SOV, has shown reckless disregard for its fiduciary and record-keeping responsibilities; or

i) The Cooperative, in the opinion of the SOV Board of Directors, is so affected by conflict among its members or by lack of participation that the operation of the property as decent, safe, and affordable housing is threatened.

3.4 **Notice of Default/Notice to Cure**. If the SOV Board of Directors determines that a default has occurred, the Cooperative will be issued via certified mail and regular mail a Notice of Default/Notice to Cure and will be given five (5) days to provide a written plan which addresses the deficiencies noted in the Notice of Default/Notice to Cure and which is acceptable to SOV. Within ten (10) days of its acceptance by SOV, the Cooperative will begin implementing the agreed-upon plan and will diligently pursue the plan to completion. If the Cooperative desires to invoke the binding arbitration procedure described in this Agreement, it shall give notice of its intent to enter into arbitration within five (5) days of the date of the Notice of Default/Notice to Cure.

3.5 **Notice of Assuming Power of Attorney/Power of Attorney**. If a default has occurred as detailed under Section 3.4 above, and the Cooperative fails to give SOV in a timely manner a plan, acceptable to SOV, to cure any default, or the Cooperative fails to implement diligently an acceptable plan and bring said plan to completion, as described in Section 3.4, SOV will issue the Cooperative via certified mail and regular mail a Notice of Assuming Power of Attorney, which will constitute legal notice of SOV having exercised its Power of Attorney. SOV shall cease to exercise said power of attorney when all defaults are cured to the satisfaction of SOV and SOV and the Cooperative have agreed in writing that the power of attorney is no longer in effect, until such time as SOV finds the Cooperative in any future default. This power of attorney shall terminate upon the termination of this Agreement as per section 4.1 or 4.5 of this Agreement.

3.6 **Powers of SOV in Curing Defaults**. SOV's powers in curing the default of the Cooperative are, pursuant to the power of attorney granted in Section 3.2 above, as follows:

a) SOV may, in its sole and absolute discretion, use financial resources at SOV's disposal to effect a cure of the default and to cover administrative, legal, and other costs involved in curing the default. In the event SOV uses its financial resources, the Cooperative shall reimburse these expenses, with interest at the rate the funds would otherwise have earned, as an additional assessment to be paid as part of the Cooperative's monthly payment to SOV. SOV shall provide the Cooperative with an accounting of any such expenses.
b) In the case of defaults relating to maintenance and upkeep, SOV, or its agents, may enter the premises of the Cooperative during normal business hours for the purpose of performing maintenance and repairs with 48 hours simultaneous notice to the Cooperative and affected members. In the case of emergencies, no notice is required.
c) SOV may assume financial management of the Cooperative including, but not limited to, collecting carrying charges from members, paying bills, servicing the debt of the Cooperative, opening and closing bank accounts, and entering into contracts for goods and services on the Cooperative's behalf.
d) SOV may pursue membership termination and eviction of members of the Cooperative who are in default of their Proprietary Leases or who are in violation of, or have caused

the Cooperative to be in violation of, other governing documents and rules of the Cooperative.

e) SOV may lease any vacant unit of the Cooperative. In exercising these powers, SOV will honor those provisions of the Bylaws, Proprietary Lease, and other constituent documents of the Cooperative which are not connected with the default.
f) SOV may amend the Bylaws of the Cooperative in order to improve its operations and facilitate curing the default. The Cooperative must ratify any amendments as part of curing its default.
g) Through the power of attorney granted under Section 3.2, SOV shall have the power to dissolve the cooperative housing corporation and dispose of its assets in compliance with the laws of the State of Oregon without any further action on the part of the Cooperative being required.

IV MISCELLANEOUS PROVISIONS

4.1 **Term**. Unless a longer term is required under the provisions of any of the Cooperative's Underlying Agreements, this Agreement shall be for two (2) years following the date of execution, and shall automatically renew for subsequent two (2) year terms thereafter unless otherwise terminated in writing by SOV and the Cooperative as described in Section 4.5 below.

4.2 **Severability**. If any provision of this Contract is held to be invalid or unenforceable by a court of competent jurisdiction, the other portions of this Contract shall remain in full force and effect and shall be liberally construed in favor of the Contract to effect the provisions of this Contract.

4.3 **Use of Subcontractors**. SOV reserves the right to subcontract to any other person or groups for services provided under this Contract.

4.4 **Mediation and Arbitration**. SOV and the Cooperative acknowledge the necessity of resolving disputes in a speedy, organized, and fair manner. Should any grievance or dispute arise between the Cooperative and SOV concerning their respective rights and duties under the terms of this Agreement, which cannot be resolved in normal interaction, then the Parties will first submit to mediation to try to resolve the unsettled issues. The mediation will be conducted under and through the Arbitration Service of Portland, Inc. (the "Service") unless some other mediation service is mutually agreed upon by the Parties in writing. The costs of mediation will be split evenly between the Parties. Each Party will be responsible for only its own attorney fees.

If mediation is unsuccessful, then the Parties agree to resolve the issue by means of binding arbitration by a single arbitrator to be conducted under and by the Service. Judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Discovery may be done subject to the rules of the Service. The arbitrator will be limited to awarding compensatory damages and will have no authority to award punitive, exemplary or similar type damages. The costs of arbitration will be split evenly between the Parties but the prevailing party

in the arbitration proceeding will be entitled to recover its reasonable attorney fees in an amount determined by the arbitrator.

This arbitration procedure shall be used provided, however, that any dispute which involves the legal validity of this Agreement or any portion thereof is specifically excluded from this arbitration agreement. Any such dispute shall be subject to judicial resolution rather than arbitration.

4.5 **Termination of Agreement**. This Agreement may not be terminated except by mutual written consent of SOV and the Cooperative. In the event that this Agreement is so terminated, the Cooperative shall have the net of its reserve funds, if positive, returned according to the provisions of the Reserves Management Policies and Procedures attached, less any amounts due and owing from the Cooperative to SOV. If the Cooperative's net reserve fund balance is negative or if the reserve fund balance is insufficient to cover any outstanding amounts owed to SOV by the Cooperative, the net negative balance and all other amounts due to SOV from the Cooperative shall be due and payable immediately upon the termination of this Agreement.

4.6 **Assignment**. This Agreement may not be assigned by the Cooperative to any other party without the advance written consent of SOV. SOV reserves the right to assign this Agreement to another party in the event of SOV's dissolution or other inability to fulfill the terms of this Agreement.

4.7 **Notice**. Unless notified otherwise in writing, for the purpose of providing notice to either party to this Agreement, the following addresses shall be used:

SOV: 272 W 11th Ave
Eugene, OR 97403
Attn.: Executive Director

Cooperative: 3060 River Rd.
Eugene, OR 97404
Attn.: Board President

4.8 **Amendments**. This Agreement may be amended at any time by mutual written agreement of both parties.

SQUAREONE VILLAGES: _____

By: _____

PEACE VILLAGE COOPERATIVE: _____

By: _____