

## HOUSING LOAN AGREEMENT

THIS AGREEMENT is entered into this \_\_\_\_ day of August, 2017, between the UNITARIAN UNIVERSALIST FELLOWSHIP OF CENTRAL OREGON as Lender, and SCOTT RUDOLPH and REBECCA RUDOLPH as Borrower.

WHEREAS, Scott Rudolph has been hired as the Settled Minister of Lender; and,

WHEREAS, the Board of Trustees of Lender is aware that the housing costs in Bend, Oregon are substantially higher than in Pittsburg, Pennsylvania where Borrowers are from; and,

WHEREAS, Lender desires to assist Borrower in the acquisition of a new home in Bend, Oregon; and,

WHEREAS, the parties wish to set down the terms upon which Lender will assist Borrower in acquiring a residence in Bend, Oregon,

NOW, THEREFORE, the parties agree as follows:

1. Loan. Lender agrees to loan Borrower the sum of \$100,000.00 to be used by Borrower to acquire a home in Bend, Oregon, a legal description of which is attached hereto as **Exhibit A** (the "Property").

2. Terms. The terms of the loan are as follows:

a. The funds will be made available to Borrower upon demand and will be used by Borrower for the sole purpose of acquiring the Property. Closing is expected to be August 9, 2017.

b. In order to comply with the Internal Revenue Code and applicable treasury regulations (the "Tax Laws"), the loan will bear interest at the rate of three percent (3%) per annum. Interest shall be paid by Borrower to Lender annually on or before the 31<sup>st</sup> day of December of each calendar year beginning with the partial year ending December 31, 2017.

c. Lender agrees to pay Scott Rudolph at the end of each calendar year additional employment compensation (above the amount stated in his employment agreement with Lender) in a sum equal to the interest which is due by Borrower at the end of each full or partial calendar year in order to supply a fund so that the loan will be as interest-free as possible. Scott Rudolph acknowledges and agrees that this

additional compensation will be reduced by the payroll deductions required under Oregon and federal law; as such, Borrower will incur some out-of-pocket expense to service the loan.

d. In order to comply with the Tax Laws, and for Lender's Board of Trustees to act in a prudent manner in this transaction, Borrower agrees that at the time of the loan Borrower will execute a Promissory Note (the "Note") in the form shown in attached **Exhibit B** and, to secure Borrower's obligations under the Note, a Trust Deed encumbering the Property in the form shown on attached **Exhibit C**. The Trust Deed shall be recorded in second position behind only the trust deed securing the purchase money loan obtained by Borrower and other encumbrances of recorded approved by Lender.

e. It is intended by the parties that this loan will remain in full force and effect until the first to occur of: (a) the Transfer (defined below) by Borrower of Borrower's interest in the Property; (b) termination of Scott Rudolph's employment as the Settled Minister of Lender for any reason; or (c) August \_\_\_\_, 2047. Upon the occurrence of any of the above-listed events, the full amount of the loan plus all then accrued but unpaid interest shall be immediately due and payable in full. For purposes of this Trust Deed, the term "Transfer" means any sale, gift, conveyance, contract for conveyance, lease, rental, assignment, mortgage, encumbrance, pledge, or grant of a security interest in all or any part of the Property, or any interest in it, voluntarily, involuntarily, or by the operation of law.

f. This Agreement is being entered into based upon the desire of Lender to benefit Borrower. Neither this Agreement nor the benefits thereof may be assigned by Borrower to any other person or entity without the prior written consent of Lender. The consent of Lender to any proposed assignment shall be in the sole discretion of Lender.

3. Mediation. Prior to instituting any legal action or suit, the parties agree that they will attempt to resolve any issues then existing between them with regard to this Agreement by submitting the same to a mediator of their mutual choosing. If they cannot agree upon a mediator within 30 days of a request by one party for mediation, they shall each choose a mediator and the two mediators so chosen shall select a third mediator, and that third mediator shall conduct a hearing to resolve all matters. The costs of such mediation shall be borne equally between the parties. If mediation is unsuccessful, the parties may file a legal proceeding to resolve the issues. Notwithstanding the foregoing, Lender shall not be bound by the above-described

mediation process following an event of default by Borrower under the Note or Trust Deed.

4. Attorney Fees. If any arbitration, suit, or action is instituted to interpret or enforce the provisions of this Agreement, to rescind this Agreement, or otherwise with respect to the subject matter of this Agreement, the party prevailing on an issue will be entitled to recover with respect to such issue, in addition to costs, reasonable attorney fees incurred in the preparation, prosecution, or defense of such arbitration, suit, or action as determined by the arbitrator or trial court, and, if any appeal is taken from such decision, reasonable attorney fees as determined on appeal.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective heirs, successors and permitted assigns of the parties.

6. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the state of Oregon, without regard to conflict-of-laws principles. Any action or proceeding seeking to enforce any provision of this Agreement or based on any right arising out of this Agreement must be brought against any of the parties in Deschutes County Circuit Court of the State of Oregon or, subject to applicable jurisdictional requirements, in the United States District Court for the District of Oregon, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to such venue.

7. Waiver. The waiver by either party of a breach by the other in one instance shall not constitute a waiver of a subsequent breach of that or any other provision of the Agreement.

8. Effect of Breach. A breach of this Agreement, the Note or the Trust Deed (collectively, the "Loan Documents") shall constitute a breach of each of the other Loan Documents.

Executed in duplicate on the above date.

**LENDER:**  
UNITARIAN UNIVERSALIST  
FELLOWSHIP OF CENTRAL OREGON

**BORROWER:**

By: \_\_\_\_\_  
Max Merrill, President

\_\_\_\_\_  
Scott Rudolph

\_\_\_\_\_  
Rebecca Rudolph

**EXHIBIT A**  
**PROPERTY LEGAL DESCRIPTION**

Lot Two (2), VERANDA GLEN PHASE 2, recorded September 6, 2013, in Cabinet H, Page 1112, Deschutes County Records, Deschutes County, Oregon.

**EXHIBIT B  
PROMISSORY NOTE**

[See attached.]

**EXHIBIT C  
TRUST DEED**

[See attached.]