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WHEN RECORDED MAIL TO:
STATE OF UTAH, OLENE WALKER
HOUSING LOAN FUND
324 S. STATE STREET, #500
SALT LAKE CITY, UT 84114-9302



W2327526

E# 2327526 PG 1 OF 4
ERNEST D ROWLEY, WEBER COUNTY RECORDER
12-MAR-08 325 PM FEE \$17.00 DEP JPM
REC FOR: NATIONAL TITLE AGENCY

Recorder's Use
Loan No. HMO939

Space Above This Line For

DEED RESTRICTION

THIS DEED RESTRICTION (the "Restriction") is made and effective as of the *12* the day of February, 2008 by KARA MANOR APARTMENTS LLC, a Utah limited liability company ("Borrower"), for the benefit of the OLENE WALKER HOUSING LOAN FUND, (the "State"). For good and valuable consideration, Borrower hereby agrees as follows for the benefit of the State:

A. Property encumbered. The restriction shall be recorded against that certain real property located at 445 West 4900 South, Washington Terrace, 84405 as more fully described as follows:

PARCEL1:

A PART OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 5 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, U.S. SURVEY: BEGINNING AT A POINT WHICH IS EAST (SOUTH 89°34' EAST) 394.00 FEET ALONG THE QUARTER QUARTER SECTION LINE FROM THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER SECTION; RUNNING THENCE EAST (SOUTH 89°34' EAST) 132.00 FEET PARALLEL TO THE SOUTH LINE OF SAID QUARTER QUARTER SECTION; THENCE NORTH (NORTH 0°22' EAST) 169.00 FEET PARALLEL TO THE WEST LINE OF SAID NORTHWEST QUARTER SECTION; THENCE EAST (SOUTH 89°34' EAST) 132.00 FEET PARALLEL TO THE SOUTH LINE OF SAID QUARTER QUARTER SECTION TO A POINT WHICH IS WEST 666 FEET FROM THE EAST LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER SECTION; THENCE NORTH (NORTH 0°22' EAST) 324.73 FEET PARALLEL TO THE WEST LINE OF SAID NORTHWEST QUARTER SECTION TO A POINT WHICH IS 136.00 FEET SOUTH OF THE SOUTH RIGHT-OF-WAY LINE OF 4900 SOUTH STREET; THENCE WEST (NORTH 89°31' WEST) 132.00 FEET PARALLEL TO SAID SOUTH LINE OF STREET; THENCE SOUTH (SOUTH 0°22' WEST) 133.85 FEET PARALLEL TO THE WEST LINE OF SAID NORTHWEST QUARTER SECTION; THENCE WEST (NORTH 89°34' WEST) 132.00 FEET PARALLEL TO THE SOUTH LINE OF THE QUARTER QUARTER SECTION; THENCE SOUTH (SOUTH 0°22' WEST) 360.00 FEET PARALLEL TO THE WEST LINE OF NORTHWEST QUARTER SECTION TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE SOUTH 33.00 FEET THEREOF, LYING WITHIN THE RIGHT-OF-WAY OF 5000 SOUTH STREET.

BENEFITS, EASEMENTS AND RIGHTS OF WAY GRANTED AND CREATED BY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, RECORDED SEPTEMBER 28, 1972 IN BOOK 1005 AT PAGE 536, AMENDMENT RECORDED APRIL 23, 1974 IN BOOK 1051 AT PAGE 581 AND RE-RECORDED APRIL 29, 1974 IN BOOK 1052 AT PAGE 202 OF OFFICIAL RECORDS.

Tax Parcel No. 07-0677-0026

Said property is also known by the street address of 445 West 4900 South, Washington Terrace, UT 84405

B. Nature of Restriction. The project shall carry a Deed Restriction the term of which shall run from the date of execution hereof and remain in effect during the period of affordability under Section 92.252 or Section 92.254 of 24 CFR Part 92 (HOME Investment Partnership Program) as amended from time to time, as applicable, or until the payment in full of the Trust Deed Note of like date, whichever is later (the "Affordability Period"). Affordability period begins when the project is fully completed and all closeout information has been entered into the HUD IDIS system by STATE. Thereby:

- (1) All Olene Walker Housing Loan Fund monies must be used to assist families whose annual incomes do not exceed 80 percent of the median family income for the area as determined by HUD, with adjustments based on family size. In addition, at least 90 percent of Olene Walker Housing Loan Fund monies used for rental housing must be used to assist families whose annual incomes do not exceed 60 percent of the median family income for the area as determined by HUD;
- (2) There are ZERO (0) HOME assisted units in this project.
- (3) Rental housing will qualify as affordable only if the project:
 - (a) has at least 20 percent of the Olene Walker Housing Loan Fund assisted rental units occupied by families who have annual incomes that are 50 percent or less of median income as defined by HUD. These units must sustain the Low rents as described in the following section.
 - (b) has at least 70 percent of the Olene Walker Housing Loan Fund assisted rental units occupied by families who have annual incomes that are 60 percent or less of median income as defined by HUD. These units must sustain the High rents as described in the following section.
 - (c) has the remainder of the Olene Walker Housing Loan Fund assisted rental units occupied by families who have annual incomes that are 80 percent or less of median income as defined by HUD. These units also must sustain the High rents as described in the following section.
- (4) Every Olene Walker Housing Loan Fund assisted unit is subject to rent limitations designed to ensure that rents are affordable to low and very low income people. High rents and Low rents:
 - (a) High rents: 80% of assisted rental units must have rents that are the lesser of: The Section 8 Fair Market Rents (FMR'S) or area-wide exception rents for existing housing minus tenant paid utilities OR rents which are 30% of adjusted income for households at 65% of median income minus tenant paid utilities;
 - (b) Low rents: 20% of assisted units must have rents which equal 30% of annual income for households at 50% of median income minus tenant paid utilities.
- (5) In projects where Low Income Housing Tax Credits are part of the financing, two sets of rent rules apply:
 - (a) Qualified tax credit units must not exceed tax credit rent limits, while HOME-assisted units must meet HOME rent requirements. If a unit is being counted under both programs, the stricter rent applies.

SEVERELY AND PERSISTENTLY MENTALLY ILL NON-DISCRIMINATION AGREEMENT.

- (1) Rental housing funded with assistance from the State of Utah, Department of Community and Economic Development, Division of Community Development, administrator of the Olene Walker Housing Loan Fund will be available to adults with a serious mental illness as defined in paragraph D below, who experience serious and persistent mental illness, without barrier and without screening to eliminate these individuals from tenancy and/or tenancy waiting lists.

- (2) Rental housing operators/managers shall maintain a list of Community Mental Health Centers (CMHC'S) and shall make referral information available to tenants. Availability of this information will be demonstrated by a public posting visible to tenants.
- (3) Rental housing operators/managers shall contact the Community Mental Health Center in the catchments area(s) in which this housing exists, and establish a referral relationship with CMHV staff. This working relationship will include an understanding that the manger shall call upon CMHC staff for consultation before taking any adverse actions against tenants who appear to need mental health services. Evidence of this working relationship shall be demonstrated by existence of written agreements between the owner/operator and the appropriate CMHC, by the presence of written referral information available to operators/managers, and by their ability to name the CMHC staff with whom they work and the use of such working relationships.
- (4) Strategies shall be developed to insure access to this housing for homeless individuals referred to the operator/manager by Public Housing Authorities, Community Mental Health Centers, and Homeless Shelter staff. Evidence of compliance with this requirement shall be the submittal of written strategies for inclusion of homeless individuals, and written working agreements with the appropriate agencies and organizations. It shall also include comparative data of successful referrals into this housing.
- (5) This policy will not supersede the selection process required by HUD for units, including SRO units, assisted with mod-rehab funds.

D. DEFINITION OF ADULTS WITH A SERIOUS MENTAL ILLNESS

For epidemiological estimation pursuant to Section 1912 C of Subpart 1 of Part B of Title XIX of the Public Health Services Act, as amended by Public Law 102-321, "Adults with a Serious Mental Health Illness" are persons:

Age 18 and over who currently or at any time during the past year, have had a diagnosable mental, behavioral, or emotional disorder of sufficient duration to meet diagnostic criteria specified within DSM-III-R, that has resulted in functional impairment in one or more major life activities.

These disorders include any mental disorder listed in DSM-III-R or ICD-9 or subsequent revisions, (with the exception of DSM-III-R "V" Codes, substance use disorders, developmental disorders including mental retardation and Alzheimer's related dementias, unless they co-occur with another diagnosable mental disorder).

Examples of major life activities of daily living (eating, bathing, dressing); instrumental activities of daily living (maintaining a household, using money, using public transportation); functioning in social, family and vocational/educational contexts; and coping skills and stress tolerance. Adults who would have met functional impairment criteria during the referenced year without the benefit of treatment or other support services are considered to have serious mental illness. Clearly, any definition of serious mental illness in adults also requires attention to cultural and ethnic norms.

E. STANDARDIZED METHODS FOR ESTIMATION

At the present time, practical methods that can be uniformly applied as a State-by State basis have not been developed for estimating the incidence and prevalence of "serious emotional disturbance" in children and "serious mental illness" in adults. It is anticipated that several different types of studies are or will soon be available to facilitate the development of these standardized methods. SAMHSA plans to further consult with the field to develop methods from relevant studies once final definitions of the two populations have been formulated. One potential approach to produce estimates could make use of national rates for prevalence and incidence of the two defined groups, applied to general population counts for each State. Proposed methods will be reviewed, findings compared and summarized, and any issues resolved.

F. ADDITIONAL AGREEMENTS REQUIRED

The Borrower has read the foregoing paragraphs C, D and E, and understands that they are to have an agreement with the local Mental Health Center, the local Homeless Shelter, the local Domestic Violence Shelter, and the local Housing Authority to serve low income clients. ZERO (0) of the units of the development are to be set aside for permanent housing for clients of Kara Manor Apartments LLC who are low income.

G. NONCOMPLIANCE WITH DEED RESTRICTION

If SUBRECIPIENT is found to be out of compliance with this Deed Restriction, the STATE has the option to call the Note due and payable in full. Borrower agrees that ZERO (0) units will be set aside for Special Needs. A separate agreement with each agency serving the Special Needs Population must be executed between Borrower and the appropriate agency. Borrower agrees to contact each agency when a vacancy occurs, if ZERO (0) units are not occupied by Special Needs tenants. In the event that the agencies do not have a qualified client who can fill a unit when it becomes vacant, the unit can be rented to a non-special needs tenant.

H. TERM

This restriction shall run with the title to the Property and shall be binding upon the successors, assigns, and beneficiaries of the parties. The project shall carry a Deed Restriction the term of which shall run from the date of execution hereof and remain in effect during the period of affordability under Section 92.252 or Section 92.254 of 24 CFR Part 92 (HOME Investment Partnership Program) as amended from time to time, as applicable, or until the Trust Deed Note of like date is paid in full, whichever is later (the "Affordability Period"). Affordability period begins when the project in fully completed and all closeout information has been entered into the HUD IDIS system by STATE. Upon such occurrence, this restriction shall automatically terminate without need for any other documentation, notice or recorded material. Nevertheless, Borrower and the State shall promptly cooperate together and take the actions and sign the documents that either of them deems necessary to terminate the Restriction and remove all record thereof from the title of the Property.

In witness whereof, this Deed Restriction executed on this 29th day of February, 2008.

KARA MANOR APARTMENTS LLC, a Utah limited liability company
("Borrower")

By: KARA MANOR ASSOCIATES LLC,
a Utah limited liability company,

Its: Manager

BY: WESTERN REGION NONPROFIT HOUSING
CORPORATION, a Utah non-profit corporation

Its: Manager

BY: Marion A. Wiley, President

STATE OF UTAH)

ss:

COUNTY OF SALT LAKE)

On the 29th day of February, 2008, being duly sworn, Marion A. Wiley, personally appeared and said that he is the President of Western Region Nonprofit Housing Corporation, a Utah non-profit corporation, the Manager of Kara Manor Associates LLC which is the Manager of Borrower Kara Manor Apartments, LLC, and, that he signed the foregoing instrument on behalf of said entities, and that said entities executed the same.

Marion A. Wiley

Notary Public

