

FHA FORM NO. 4183-b
Region VIII Revision
Utah

MORTGAGE

THIS MORTGAGE, made this **first day of May, 2013**, between **Elk Meadows Property, LLC, an Oregon limited liability company**, having its principal place of business at **560 First Street, Suite 104, Lake Oswego, OR 97034**, hereinafter referred to as the **Mortgagor**, and **Housing & Healthcare Finance, LLC, a Delaware limited liability company**, having its principal place of business at **2 Wisconsin Circle, Suite 540, Chevy Chase, MD 20815**, hereinafter referred to as the **Mortgagee**.

WITNESSETH: THAT WHEREAS the Mortgagor is indebted to the Mortgagee in the principal sum of **Three Million, Two Hundred Fifteen Thousand, Eight Hundred and no/100ths Dollars (\$3,215,800.00)** evidenced by a promissory note, bearing even date herewith, with interest thereon at the rate of **three and twenty hundredths per centum (3.20%) per annum** until paid (the "Note"); principal sum and the interest thereon being payable at the office of the Mortgagee in **Chevy Chase, MD**, or at such other place as the holder of the Note may designate in writing, in monthly installments, as follows:

Interest alone payable monthly on the **first day of June, 2013**. Thereafter commencing on the **first day of July, 2013**, installments of interest and principal shall be paid in the sum of **Thirteen Thousand, Nine Hundred Seven and 27/100ths Dollars (\$13,907.27)**, each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid. In any event, the balance of principal (if any) remaining unpaid, plus accrued interest shall be due and payable on **June 1, 2043**. The installments of interest and principal shall be applied first to interest at the rate of **three and twenty hundredths per centum (3.20%) per annum** upon the principal sum or so much thereof as shall from time to time remain unpaid, and the balance thereof shall be applied on account of principal.

NOW, THEREFORE, for the purpose of securing prompt payment of said Note (the "Note") and to secure the performance of each and every condition, covenant, and agreement herein contained, the Mortgagor, for valuable consideration, receipt of which is hereby acknowledged, does hereby mortgage, convey, and warrant unto the Mortgagee the following-described land, situated in the **City of Oakley, County of Summit, and State of Utah**:

For Legal Description, see **Exhibit "A"** attached hereto and incorporated herein by this reference.

Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the property subject to this Mortgage, and any security agreement and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose or bar Mortgagor's interest in the property subject to this Mortgage and all other property mortgaged, pledged, conveyed or assigned to secure payment of the Note; PROVIDED that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof.

TOGETHER with all mineral rights, water rights, and all the privileges, hereditaments and appurtenances thereunto in anywise appertaining or belonging, and together with all fixtures; and

TOGETHER with all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating, laundry, air-conditioning and incinerating equipment, all steam and hot-water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing and heating fixtures, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, blinds, and other furnishings; and

All articles of personal property owned by the Mortgagor and now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all goods and chattels and personal property as are ever used or furnished in operating a building or the activities conducted therein similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner, and together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein. It is hereby agreed that to the extent permitted by law all of the foregoing property and fixtures are to be deemed and held to be a part of and affixed to the realty.

TO HAVE AND TO HOLD the above-described premises, with all the privileges, hereditaments, appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

The Mortgagor hereby relinquishes and waives all rights under and by virtue of the homestead laws of the State of Utah and covenants and agrees that it is lawfully seized of said premises in and of good and indefeasible estate in fee simple, that they are free from all encumbrances, that it has good and lawful right to sell and convey the said premises, and hereby covenants to warrant and defend the title of said premises against the lawful claims of all persons whomsoever.

The Mortgagor is justly indebted to the Mortgagee in the total principal sum of **Three Million, Two Hundred Fifteen Thousand, Eight Hundred and no/100ths Dollars (\$3,215,800.00)** evidenced by a Note of even date herewith, in the amount of **Three Million, Two Hundred Fifteen Thousand, Eight Hundred and no/100ths Dollars (\$3,215,800.00)** bearing interest from date on outstanding balance at **three and twenty hundredths per centum (3.20%) per annum**, payable in monthly installments beginning on the first day of the month following the date hereof with a final maturity of **June 1, 2043**, which is identified as being secured hereby by a certificate thereon. Said Note and all of its terms are incorporated hereby by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

This Mortgage is also given to secure performance of every covenant, agreement and repayment of every advance as herein provided.

And the Mortgagor covenants and agrees with the Mortgagee as follows:

1. That Mortgagor will pay the Note at the time and in the manner provided therein;
2. That Mortgagor will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
3. That the Regulatory Agreement, executed by the Mortgagor and the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of Paragraph 8 herein, or from an insurance payment made in accordance with the provisions of Paragraph 7 herein, where there is a resulting loss of project income;
7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Federal Housing Commissioner upon the insurance of the Mortgage and other hazards as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than 80% of the Insurable Values or not less than the unpaid balance of the insured Mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee and the Federal Housing Commissioner as interest may appear, and shall be deposited with the Mortgagee;

That if the premises covered hereby, or any part hereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;

8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to the Mortgagee to be applied to the amount due under the Note secured hereby in (1) amounts equal to the next maturing installment or installments of principal and (2) with any balance to be credited to the next payment due under the Note. No amount applied to the reduction of the principal amount due in accordance with (1) shall be considered an optional prepayment as the term is used in this Mortgage and the Note secured hereby, nor relieve the Mortgagor from making regular monthly payments commencing on the first day of the first month following the date of receipt of the award. The holder of the Note is hereby authorized in the name of the Mortgagor to execute and deliver valid acquaintances for such awards and to appeal from such awards;

9. That in order more fully to protect the security of this Mortgage, the Mortgagor will pay to the Mortgagee in addition to the monthly payments of interest or of principal and interest under the terms of the Note secured hereby and concurrently therewith monthly on the first day of each month after the date hereof until the said Note are fully paid, the following sums:

(a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the Note secured hereby are insured, or a monthly service charge, if they are held by the Federal Housing Commissioner, as follows:

(I) If and so long as said Note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the Mortgagee one month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Federal Housing Commissioner pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or

00971149 Page 2 of 7 Summit County

(II) If and so long as said Note of even date and this instrument are held by the Federal Housing Commissioner, a monthly service charge in an amount equal to **one-twelfth of fifty hundredths per centum (1/12 of 0.50%)** of the average outstanding principal balance due on the Note computed for each successive year

beginning with the first day of the month following the date of this instrument, if the Federal Housing Commissioner is the Mortgagee (beneficiary) named herein, or the first day of the month following assignment, if the Note and this instrument are assigned to the Federal Housing Commissioner, without taking into account delinquencies or prepayment;

- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the Note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
 - (I) premium charges under the Contract of Insurance with the Federal Housing Commissioner or service charge;
 - (II) ground rents, taxes, special assessments, water rates, fire and other property insurance premiums;
 - (III) interest on the Note secured hereby;
 - (IV) amortization of the principal of said Note;

10. That Mortgagor will pay all ground rents, taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made by payments made as hereinbefore provided, before the same become delinquent or subject to interest or penalties, and in default thereof the Mortgagee may pay the same; and that it will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagor fails to make any such payments or fails to accumulate funds sufficient to meet hazard insurance premiums or mortgage insurance premiums as provided in (a) and (b) above, the Mortgagee may pay the same, and all sums so paid shall bear interest at the rate specified in the Note from the date of such advance and shall be secured by this Mortgage and shall be payable on demand;

11. That if the Mortgagee is made or becomes a party to any suit or action, by reason of this Mortgage or the indebtedness hereby secured, the Mortgagor will pay all expenses incurred by the Mortgagee therein, including a reasonable attorney's fee;

12. That the Mortgagor shall not assign nor attempt to assign the rents, issues or profits or any part thereof of the premises mortgaged hereby without the written consent of the Mortgagee, nor shall the Mortgagor actually or threaten to remove or demolish any building on or to be erected upon said premises without such written consent;

13. That if it defaults in any of the covenants or agreements contained herein, or in said Note, then the Mortgagee may perform the same, and all expenditures made by the Mortgagee in so doing shall draw interest at the rate specified in the Note and shall be repayable by the Mortgagor to the Mortgagee, and, together with interest and costs accruing thereon, shall be secured by this Mortgage;

14. That the Mortgagor will not voluntarily create or permit to be created against the property subject to this Mortgage any lien or liens inferior or superior to the lien of this Mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

15. That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the fire rating or inspection organization, bureau, association or office which are now or may hereafter become applicable to the premises above described;

16. That Mortgagor will not commit, permit, or suffer waste, impairment, or deterioration of said property or any part thereof, and in the event of the failure of the Mortgagor to keep the buildings on said premises and those to be erected on said premises, or improvements thereon, in good repair, the Mortgagee may make such repairs as in its discretion it may deem necessary for the proper preservation thereof, and any sums paid for such repairs shall bear interest from the date of payment at the rate specified in the Note, shall be due and payable on demand and shall be fully secured by this Mortgage;

17. The Mortgagor covenants and agrees that so long as this Mortgage and the said Note secured hereby are insured under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color or creed;

18. ~~That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a Building Loan Agreement between the Mortgagor and Mortgagee, dated _____, which Building Loan Agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Mortgage; and if the construction of the improvements to be made pursuant to said Building Loan Agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances of the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this Mortgage and shall be due and payable on demand with interest at the rate specified in the Note, but no such advances shall be insured unless same are specifically approved by the Federal Housing Commissioner prior to the making thereof. The principal~~

~~sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this Mortgage and the Note secured hereby, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said Building Loan Agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said Building Loan Agreement;~~

19. That Mortgagor hereby assigns all the rents, issues, and profits of the mortgaged premises from and after any default hereunder to the Mortgagee and hereby irrevocably appoints the Mortgagee its agent and attorney to collect all the said rents and apply them to the payment of the debt secured hereby;

20. That the rights and remedies provided for herein shall be held to be in addition to and not in limitation of those provided by law;

21. That in case default shall be made in the payment, when due, of the indebtedness hereby secured, or of any installment thereof, or any part thereof and such default is not made good prior to the due date of the next such installment, or in case of breach of any covenant or agreement herein contained, the whole of the then indebtedness secured hereby, including principal, interest arrearages, ground rents, if any, and all sums due on account of taxes, assessments, water rates, expenditures for repairs and maintenance, together with all advances and other sums payable pursuant to the provisions hereof, shall become immediately due and payable, at the option of the Mortgagee, although the period above limited for the payment thereof may not have expired, anything hereinbefore or in said Note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time, and it shall be lawful for the Mortgagee to proceed to enforce the provisions of this Mortgage either by suit at law or in equity, as it may elect, or to foreclose this Mortgage by advertisement and sale of the above-described premises, at public venue, for cash, according to Utah statutes governing mortgage foreclosures, and cause to be executed and delivered to the purchaser or purchasers at any such sale a good and sufficient deed or deeds of conveyance of the property so sold and to apply the net proceeds arising from such sale first to the payment of the costs and expenses of such foreclosure and sale and in payment of all monies expended or advanced by the Mortgagee pursuant hereto, and then to the payment of the balance due on account of the principal indebtedness secured hereby, together with interest thereon, and the surplus, if any, shall be applied by the Mortgagee on demand, as the Mortgagor or as the court may direct. There shall be included in any or all such proceedings a reasonable attorney's fee. In case the Mortgagee shall fail promptly to foreclose upon the happening of any default, it shall not thereby be prejudiced in its right of foreclosure at any time thereafter during which such default shall continue and shall not be prejudiced in its foreclosure rights in case of further default or defaults;

22. In case of foreclosure by advertisement the Mortgagor hereby irrevocably constitutes and appoints the Mortgagee its attorney in fact with full power of substitution for and in its name to sell the mortgaged premises as a whole or in parcels at the option of the Mortgagee and in the name and on behalf of the Mortgagor to execute and deliver to the purchaser a good and sufficient deed to the mortgaged premises and all the mortgaged property hereinbefore described, upon compliance with all statutory requirements pertaining to such sale and the publication of notice as provided by law; said sale and any adjournment thereof to be governed in all respects by the laws of Utah in such case made and provided;

23. In case of foreclosure and sale of the mortgaged premises, said premises may be sold in one parcel. If the proceeds of the sale should be insufficient to pay all costs and expenses of the sale, attorney's fees and all charges, and the principal and interest on the debt secured hereby, including any and all advances made hereunder by or for the account of the Mortgagee, the Mortgagee shall be entitled to a judgment for the deficiency.

24. This Mortgage and every covenant and agreement therein contained shall be binding upon and inure to the benefit of the Mortgagor and the Mortgagee and their respective successors and assigns, and to the extent permitted by law shall bind every subsequent owner of the mortgaged premises. The use of the singular number herein shall include the plural, and the plural shall include the singular. The use of any gender shall include all genders.

IN WITNESS WHEREOF, the undersigned duly authorized general partner of the Mortgagor has hereunto set his hand and seal the day and year first above written.

MORTGAGOR:

Elk Meadows Property, LLC,
an Oregon limited liability company

By: 
Eric W. Jacobsen, Manager

STATE OF OREGON

COUNTY OF Clackamas

This instrument was acknowledged before me on MAY 10, 2013 by Eric W. Jacobsen as Manager of Elk Meadows Property, LLC, an Oregon limited liability company.

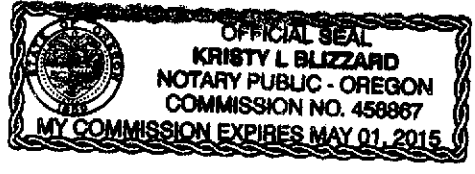
Kristy L Blizzard

NOTARY PUBLIC

Print Name: Kristy L Blizzard

My Commission Expires:

May 1, 2015



STATE OF UTAH

Mortgage

Elk Meadows Property, LLC
to
Housing & Healthcare Finance, LLC

Dated: May 1, 2013

Recorded at the request of _____
On May _____, A.D. 2013,

at _____ am., in Book of Mortgages,

Page _____, records of
Summit County, Utah.

Recorder.

Deputy.

EXHIBIT "A"

LEGAL DESCRIPTION ATTACHED TO MORTGAGE

Real property in the City of Oakley, County of Summit, State of Utah, described as follows:

LOTS 5 AND 9, RIVER VIEW WEST AMENDED SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE SUMMIT COUNTY RECORDER'S OFFICE.

A.P.N. RVW-9-AM and RVW 5 AM