

SPECIAL COMMISSION MEETING
CITY OF PITTSBURG, KANSAS
COMMISSION AGENDA
Thursday, December 1st, 2011
11:30 AM

A Special Meeting of the Pittsburg City Commission is called to be held at 11:30 a.m. on Thursday, December 1st, 2011, in the City Commission Room, located in the Law Enforcement Center at 201 North Pine, specifically to review and discuss a Subordination and Intercreditor Agreement, Assignment of Tenant's Interest in Parking Lot Lease for Security and Parking Lot Lease Estoppel for Downtown Pittsburg Housing (Besse Hotel) submitted by Bonneville Mortgage Company.

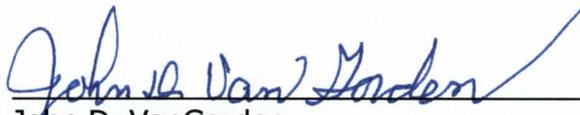
CONSIDER THE FOLLOWING:

- A. SUBORDINATION AND INTERCREDITOR AGREEMENT – Consideration of a Subordination and Intercreditor Agreement between the City of Pittsburg and Bonneville Mortgage Company. - **Approve or disapprove Subordination and Intercreditor Agreement and, if approved, authorize the Mayor to sign the agreement on behalf of the City.**

- B. ASSIGNMENT OF TENANT'S INTEREST IN PARKING LOT LEASE FOR SECURITY – Consideration of an Assignment of Tenant's Interest in Parking Lot Lease for Security between Downtown Pittsburg Housing Partners, LP and Bonneville Mortgage Company. - **Approve or disapprove Assignment of Tenant's Interest in Parking Lot Lease for Security.**

- C. PARKING LOT LEASE ESTOPPEL CERTIFICATE AND CONSENT – Consideration of a Parking Lot Lease Estoppel Certificate and Consent by and between the City of Pittsburg, Downtown Pittsburg Housing Partners, LP and to and for the benefit of Bonneville Mortgage Company. - **Approve or disapprove Parking Lot Lease Estoppel Certificate and Consent and, if approved, authorize the Mayor to sign the agreement on behalf of the City.**

ADJOURNMENT



John D. VanGorden
Interim City Manager



ECONOMIC DEVELOPMENT

201 West 4th Street · Pittsburg KS 66762

(620) 231-4100

www.pittks.org

INTEROFFICE MEMORANDUM

To: John VanGorden

From: Mark Turnbull

CC:

Date: November 30, 2011

Subject: *Agenda Item: Special City Commission Meeting, December 1, 2011
Bonnevillle Mortgage Company / Downtown Pittsburg Housing Partners, LP*

Bonneville Mortgage Company has requested the City Commission to review and if agreeable to execute the Subordination and Intercreditor Agreement, Assignment of Tenant's Interest in Parking Lot Lease for Security, and Parking Lot Lease Estoppel Certificate and Consent for Downtown Pittsburg Housing Partners, LP (Besse Hotel). These agreements are required prior to loan closing. Copies of the documents are included within this request.

Both the City Attorney and Director of Economic Development have reviewed and requested modifications which were completed. Staff recommends approval, and if approved, requests the Mayor to sign appropriate documents.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

SUBORDINATION AND INTERCREDITOR AGREEMENT

(City Loan)

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "Agreement") dated as of December _____, 2011, is made by and between the City of Pittsburg, Kansas, a municipality, organized and existing under the laws of the State of Kansas ("Junior Lender") and Bonneville Mortgage Company, a Utah corporation ("Senior Lender").

RECITALS:

A. Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership ("Borrower") has applied to Senior Lender for a loan in the maximum principal amount of One Million One Hundred Seventy Thousand Dollars (\$1,170,000.00) (the "Senior Loan") for the acquisition, construction, rehabilitation, development, equipping and/or operation of the Property.

B. The Senior Loan is evidenced by the Senior Note (as defined below) is secured by, among other things, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Senior Security Instrument"), dated as of the date hereof, encumbering the Property, and will be advanced to Borrower pursuant to the Loan Agreement (as defined herein).

C. Junior Lender has made a loan (the "Junior Loan") to Borrower in the original principal amount of Two Hundred Thousand Dollars (\$200,000.00), which Junior Loan is evidenced by a certain note dated as of December 29, 2009, made by Borrower to Junior Lender (the "Junior Note") and advanced to Borrower pursuant to that certain Loan Agreement (the "Junior Loan Agreement") dated as of December 29, 2009, between Borrower and Junior Lender.

D. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan, Junior Lender hereby agrees as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

“Bankruptcy Proceeding” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

“Casualty” means the occurrence of damage to or loss of any of the Property by fire or other casualty.

“Condemnation” means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

“Enforcement Action” means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee’s sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker’s lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

“Enforcement Action Notice” means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

“Junior Indebtedness” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“Junior Loan Default” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Junior Loan Agreement.

“Junior Loan Documents” means, collectively, the Junior Note, the Junior Loan Agreement, and all other documents evidencing, securing or delivered in connection with the Junior Loan, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

“Loan Agreement” means that certain Term Loan Agreement dated as of the date hereof by and between Borrower and Senior Lender relating to the Senior Loan.

“*Loss Proceeds*” means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

“*Property*” means (i) the land and improvements known or to be known as Besse Hotel Apartments, located in City of Pittsburg, Crawford County, State of Kansas, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other Senior Loan Documents.

“*Senior Indebtedness*” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“*Senior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Senior Loan Documents.

“*Senior Loan Documents*” means, collectively, the Senior Security Instrument, the Senior Note, the Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

“*Senior Note*” means the Note, as defined by the Senior Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

“*Senior Security Instrument*” means that certain Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the complete subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

(e) Senior Lender, in permitting disbursements of the proceeds of the Senior Loan pursuant to the Loan Agreement, is under no obligation or duty to ensure, nor has Senior Lender represented that it will ensure, the proper application of such proceeds, and any application or use of such proceeds for purposes other than as provided in any such agreement shall not defeat or render invalid, in whole or in part, the subordination provided for in this Agreement.

(f) Senior Lender has not made any warranty or representation of any kind or nature whatsoever to Junior Lender with respect to (i) the application of the proceeds of any disbursement made by Senior Lender for the account of Borrower, (ii) the value of the Property, or the improvements to be constructed thereon, or the marketability or value

thereof upon completion of such construction, or (iii) the ability of Borrower to honor its covenants and agreements with Senior Lender or Junior Lender.

(g) In addition, Junior Lender agrees to subordinate the lien of the Junior Loan Documents and the payment of the Junior Indebtedness to the lien and payment in full of any financing obtained by Borrower to refinance, in whole or in part, the Senior Indebtedness so long as the new loan (“Qualifying Loan”) (i) is in a principal amount not greater than the original principal amount of the Senior Indebtedness, (ii) has an interest rate (or if a variable rate, has an initial rate) that is not greater than seven points in excess of the average “Prime Rate” announced by the three United States based banks with the greatest total assets and (iii) is from a lender not affiliated with Borrower. Promptly upon notice to Junior Lender that Borrower intends to enter into a Qualifying Loan, but not later than twenty (20) days thereafter, Junior Lender will execute a Subordination and Intercreditor Agreement in the form of this Agreement with the entity making the Qualifying Loan.

3. Junior Lender Agreements.

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(c) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy

Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), and (ii) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim.

(d) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Loan Documents

automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

4. Standstill Agreement; Right to Cure Senior Loan Default.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Loan Agreement or any of the other Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (a) to enforce any obligation of Borrower under any of the Junior Loan Documents, (b) to collect any monies payable to Borrower, (c) to have a receiver appointed to collect any monies payable to Borrower; or (d) to foreclose the lien(s) created by the Junior Loan Documents) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan and (d) specifically enforce the obligations of Borrower to comply with its non-monetary obligations under the Regulatory Agreement.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Senior Lender agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "Foreclosure Remedy") unless Junior Lender has first been given thirty (30) days written notice of the event(s) of default giving Senior Lender the right to complete such Foreclosure Remedy, and unless Junior Lender has failed, within such thirty (30) day period, to cure such event(s) of default; provided, however, that Senior Lender shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Senior Loan Documents, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained

therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lender has accelerated the Senior Loan and Junior Lender cures all events of default giving rise to such acceleration within the thirty (30) day cure period described above, such cure shall have the effect of de-accelerating the Senior Loan; provided, however, that such de-acceleration shall not waive or limit any of Senior Lender's rights to accelerate the Senior Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing events of default. It is the express intent of the parties hereunder that Senior Lender shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Junior Lender for failure to provide timely notice to Junior Lender required hereunder, and that Senior Lender's liability hereunder shall be expressly limited to actual and consequential damages to Junior Lender directly caused by Senior Lender's completion of a Foreclosure Remedy without Junior Lender receiving the notice and opportunity to cure described above.

(d) Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

5. **Insurance.** Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default.** Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs.** In the event either party hereto institutes legal action against the other party with respect to this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorneys' fees from the non-prevailing party(ies).

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified

mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender: City of Pittsburg
201 West 4th Street
PO Box 688
Pittsburg, Kansas 66762
Attn: City Manager

If to Senior Lender: Bonneville Mortgage Company
111 East Broadway, Suite 310
Salt Lake City, Utah 84111
Attn: Brent H. Peterson AND

with copies to: Callister Nebeker & McCullough
Zions Bank Building
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. JURY TRIAL WAIVER. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10. Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Loan Documents, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. **Miscellaneous.**

(a) Junior Lender shall, within ten (10) business days following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder following the prior written consent of Senior Lender, which consent may be withheld or conditioned in its sole and absolute discretion.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in counterpart originals, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE OF KANSAS, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or

unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(k) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(l) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

JUNIOR LENDER:

CITY OF PITTSBURG, KANSAS
a Municipality

By: _____
Name: _____
Title: _____

STATE OF KANSAS

COUNTY OF _____

This instrument was acknowledged before me on December _____, 2011, by _____, _____, of the City of Pittsburg, Kansas, a municipality.

Notary Public

Print Name: _____

My commission expires:

(signatures follow on subsequent page)

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

DOWNTOWN PITTSBURG HOUSING PARTNERS, LP,
a Kansas limited partnership

By: Downtown Pittsburg Housing Corporation,
a Kansas corporation

Its: General Partner

By: _____
Its: _____

STATE OF KANSAS

COUNTY OF _____

This instrument was acknowledged before me on December ____, 2011, by _____, _____, of Downtown Pittsburg Housing Corporation, a Kansas corporation, General Partner of Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership.

Notary Public

Print Name: _____

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein below is situated in the City of Pittsburg, County of Crawford, State of Kansas and is described as follows:

LOTS NUMBER ONE (1), TWO (2), THREE (3), FOUR (4), FIVE (5), SIX (6) AND SEVEN (7) IN PLAYTER & RHODES SUBDIVISION OF LOTS 197 AND 198 IN BLOCK 22, ORIGINAL TOWN OF PITTSBURG, CRAWFORD COUNTY, KANSAS, ACCORDING TO THE RECORDED PLAT THEREOF;

ALSO THE SOUTH EIGHT (8) FEET OF VACATED ALLEY LYING NORTH OF AND ADJACENT TO SAID LOTS.

WHEN RECORDED, RETURN TO:

Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

ASSIGNMENT OF TENANT'S INTEREST IN PARKING LOT LEASE FOR SECURITY

This Assignment of Tenant's Interest in Parking Lot Lease for Security (the "Assignment") is made and executed this __ day of December, 2011 (the "Closing Date"), by Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership ("Borrower") and Bonneville Mortgage Company, a Utah corporation ("Lender").

RECITALS

A. Pursuant to the Multifamily Note dated the Closing Date in which Borrower appears as "Borrower" and Lender appears as "Lender" and which is in the original principal amount of One Million One Hundred Seventy Thousand Dollars (\$1,170,000.00) (the "Note"), and pursuant to the Term Loan Agreement dated the Closing Date wherein Borrower appears as "Borrower" and Lender appears as "Lender" (the "Loan Agreement"), Lender has agreed, upon certain conditions, to lend the proceeds of the Note to Borrower (the "Loan").

B. Borrower and the City of Pittsburg, Kansas, a municipal corporation (the "City"), have entered into a Parking Lot Lease Agreement dated December 29, 2009 (the "Parking Lot Lease") whereby the City has agreed to lease to Borrower the real property described in the Parking Lot Lease, which is located in Pittsburg County, Kansas, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

C. As a condition to Lender extending the Loan to Borrower, Lender requires Borrower to assign its leasehold interest in the Property as collateral for the Loan.

AGREEMENT

In exchange for good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, Borrower and Lender agree as follows:

1. Assignment. Borrower hereby absolutely and unconditionally assigns and transfers unto Lender for security all the right, title, and interest of Borrower in and to the Parking Lot Lease, together with all extensions, renewals, modifications or replacements thereof, as well as all

guaranties of Borrower's obligations under any provisions thereof and under any and all extensions and renewals thereof. This Assignment shall inure to the benefit of Lender, its successors and assigns as security for the payment of the principal and interest provided to be paid in or by the Note, the performance of the agreements of Borrower contained in the Loan Agreement, and the performance of the agreements of Borrower contained in the Loan Documents and any other document evidencing, securing, or relating to the disbursement or administration of the proceeds of the Note (all of which agreements and obligations are collectively referred to as the "Obligation").

2. Default Remedies of Lender. If Borrower defaults on the Obligation, or this Assignment or if an Event of Default occurs, Lender shall be authorized at its option to enter and take possession of all or part of the Property, to perform all acts necessary for the operation and maintenance of the Property, and to perform the obligations of Borrower under the Parking Lot Lease in the same manner and to the same extent that Borrower might reasonably so act. Lender shall further be authorized to replace Borrower as lessee under the Parking Lot Lease and, at its discretion, may assume Borrower's obligations thereunder. However, unless Lender affirmatively and expressly assumes Borrower's obligations under the Parking Lot Lease, Lender's liability to Lessor shall be limited to those liabilities that run with the Property during the period of Lender's possession of the Property or ownership of Borrower's interest in the Parking Lot Lease.

3. Termination of Assignment. When Borrower pays Lender for the full amount of the Obligation and such payment is evidenced by a recorded satisfaction, this Assignment shall no longer be in effect and shall be void. Lender shall execute such instruments as may be reasonably required to evidence the termination of this Assignment.

4. Notice to Lessor of Borrower's Default. Borrower shall irrevocably authorize Lessor, upon demand and notice from Lender of Borrower's default under the Loan Documents, to accept from Lender performance of Borrower's obligations under the Parking Lot Lease. In such situation, Lender shall not be liable to Lessor for the determination of the actual existence of any default claimed by Lender. Lessor shall have the right to rely upon any such notices from Lender, without any obligation or right to inquire as to the actual existence of the default, notwithstanding any claim of Borrower to the contrary. Upon the curing of all defaults caused by Borrower under the Loan Documents, Lender shall give Lessor written notice of such cure.

5. Assignment of Borrower's Interest in Parking Lot Lease. Lender shall have the right to assign Borrower's right, title, and interest in the Parking Lot Lease to any subsequent holder of the Note and to any person acquiring title to the Property through foreclosure or otherwise consistent with the terms of the Parking Lot Lease.

6. Indemnification of Lender. Borrower shall indemnify and hold Lender harmless of and from any and all liability, loss, or damage that Lender may incur under the Parking Lot Lease or by reason of this Assignment other than such liability, loss, or damage as may be occasioned by Lender's gross negligence or willful misconduct. Such indemnification shall also cover any and all claims that may be asserted against Lender by reason of any alleged obligation to be performed by Lender under the Parking Lot Lease or Assignment. Nothing in this paragraph shall be construed

to bind Lender to the performance of any Parking Lot Lease provisions, or to otherwise impose any liability upon Lender. This Assignment shall not impose liability upon Lender for the operation and maintenance of the premises or for carrying out the Parking Lot Lease terms before Lender has entered and taken possession of the premises. Any loss or liability incurred by Lender by reason of actual entry and taking possession under the Parking Lot Lease or in the defense of any claims shall, at Lender's request, be reimbursed by Borrower. Such reimbursement shall include interest at the rate of three percent (3%) per annum above the interest rate applicable under the Note, plus costs, expenses, and reasonable attorneys' fees.

7. Quality of Borrower's Title to Parking Lot Lease. Borrower represents itself to be the absolute owner of the leasehold interest in the Parking Lot Lease, with right and title to assign it consistent with the terms of the Parking Lot Lease; that the Parking Lot Lease is valid, in full force and effect, and has not been modified or amended except as stated herein; that there is no outstanding assignment or pledge thereof; that there are no existing defaults under the provisions thereof on the part of any party; and that Borrower is in possession and paying rent and other charges under the Parking Lot Lease as provided therein. Borrower covenants not to cancel, abridge, surrender, or terminate the Parking Lot Lease or change, alter, or modify it without the prior written consent of Lender. Any attempt at cancellation, surrender, termination, change, alteration, modification, assignment, or subordination of the Parking Lot Lease without the written consent of Lender shall be null and void. Nothing contained in this Section 7 shall be construed to amend Section 20. Assignment and Subleasing, of the Parking Lot Lease.

8. No Merger. If the Property is under any lease or any portion thereof which constitutes a part of the Property shall at any time become vested in one owner, this Assignment and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Lender shall continue to have and enjoy all of the rights and privileges of Lender as to the separate estates. In addition, upon the foreclosure of the lien created by this Assignment on the Property pursuant to the provisions of this Assignment, any leases or subleases then existing and created by Borrower shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Lender or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Lender or any such purchaser shall constitute a termination of any lease or sublease unless Lender or such purchaser shall give written notice thereof to such tenant or subtenant.

9. Delivery of Necessary Instruments to Lender. Borrower shall execute and deliver to Lender and hereby irrevocably appoints Lender, its successors, and assigns as its attorney in fact to execute and deliver during the term of this Assignment, all further instruments as Lender may deem necessary to make this Assignment and any further assignment effective. The power hereby granted is coupled with an interest in the Property and is irrevocable.

10. Lease Guaranties; Assignment of Lease; Alterations of Premises. Borrower shall not alter, modify, cancel or terminate any guaranties of the Parking Lot Lease without the written consent of Lender. Borrower shall not consent to any Parking Lot Lease assignment or subletting, nor agree to a subordination of the Parking Lot Lease to any mortgage or other encumbrance, other

than that of Lender, now or hereafter affecting the Property without Lender's prior written consent. Borrower shall not permit a material alteration of or addition to the Property without Lender's prior written consent.

11. Borrower to Ensure Continued Performance under Parking Lot Lease. Borrower shall perform all of its covenants as lessee under the Parking Lot Lease, including the obligation to pay rent to Lessor. Lender shall promptly deliver to Borrower copies of all notices of default Borrower has received or may hereafter receive from Lessor.

12. Changes in Obligation Terms. Notwithstanding any variation of the terms of the Loan Documents, including increase or decrease in the principal amount thereof or in the rate of interest payable thereunder or any extension of time for payment thereunder or any release of part or parts of the real property subject to the Parking Lot Lease and the benefits hereby assigned shall continue as additional security in accordance with the terms of this Assignment.

13. Additions to and Replacement of Obligation. Lender may take security in addition to the security already given Lender for the payment of the principal and interest provided to be paid in or by the Loan Documents or release such other security, and may release any party primarily or secondarily liable on the Loan Documents, may grant or make extensions, renewals, modifications, or indulgences with respect to the Loan Documents and replacements thereof, which replacement of the Loan Documents may be on the same or on terms different from the present terms of the Loan Documents, and may apply any other security thereof held by it to the satisfaction of the Obligation, without prejudice to any of its rights hereunder.

14. Exercise of Lender's Rights. Lender's failure to avail itself of any of its rights under this Assignment for any period of time, or at any time or times, shall not constitute a waiver thereof. Lender's rights and remedies hereunder are cumulative, and not in lieu of, but in addition to, any other rights and remedies Lender has under the Obligation. Lender's rights and remedies hereunder may be exercised as often as Lender deems expedient.

15. Amendment, Modification, or Cancellation of Assignment. No amendment, modification, cancellation, or discharge hereof, or of any part hereof, shall be enforceable without Lender's prior written consent.

16. Notices. All notices shall be in writing and shall be deemed to have been sufficiently given or served when personally delivered or when deposited in the United States mail, by registered or certified mail, addressed as follows:

Lender:	Bonneville Mortgage Company 111 East Broadway, Suite 310 Salt Lake City, Utah 84111 Attn: Brent H. Peterson
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With copies to: Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

Borrower: Downtown Pittsburg Housing Partners, LP
416 E. 3rd Street
Kansas City, MO 64106
Attn: Gary Hassenflu

With copies to: Hazelton & Laner
4600 Madison Ave Ste 650
Kansas City, MO 64112-3032
Attn: Joel B. Laner

Such addresses may be changed by notice to the other party given in the same manner provided in this Section.

17. Binding Effect. All agreements herein shall inure to the benefit of, and bind the respective heirs, executors, administrators, successors, and assigns of Borrower and Lender.

18. Governing Law. This Assignment shall be governed by, construed and interpreted in accordance with the laws of the State of Kansas.

19. Attorneys' Fees. In the event Lender institutes legal action against Borrower with respect to this Assignment, Lender shall be entitled to an award of reasonable attorneys' fees from Borrower. Lender shall also be entitled to collect all reasonable attorneys' fees and costs incurred with respect to any insolvency or bankruptcy action or proceeding involving Borrower.

20. Defined Terms. Unless otherwise defined in this Assignment, capitalized terms used herein have the meanings given them in the Loan Agreement.

21. Counterparts. This Assignment may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Assignment shall be sufficient for all purposes without producing or accounting for any other counterpart.

***[SIGNATURE PAGE(S) AND EXHIBIT(S),
IF ANY, FOLLOW THIS PAGE]***

DATED: December _____, 2011.

BORROWER

DOWNTOWN PITTSBURG HOUSING PARTNERS, LP,
a Kansas limited partnership

By: Downtown Pittsburg Housing Corporation,
a Kansas corporation

Its: General Partner

By: _____
Its: _____

LENDER

BONNEVILLE MORTGAGE COMPANY,
a Utah corporation

By: _____
Brent H. Peterson
President, Multifamily Division

STATE OF KANSAS

COUNTY OF _____

This instrument was acknowledged before me on December ____, 2011, by _____, _____, of Downtown Pittsburg Housing Corporation, a Kansas corporation, General Partner of Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership.

Notary Public

Print Name: _____

My commission expires:

EXHIBIT A

REAL PROPERTY DESCRIPTION

The land referred to herein below is situated in the City of Pittsburg, County of Crawford, State of Kansas and is described as follows:

Address known as 121 East Fourth Street, Pittsburg, Kansas.

Legally described as:

Lots Numbered One (1), Two (2), Three (3), Four (4), Five (5), Six (6), and Seven (7) in Playter & Rhodes Subdivision of Lots 197 and 198 in Block 22 Original Town of Pittsburg, Kansas, according to the recorded Plat thereof. Also the South 8 feet of vacated alley laying North of and adjacent to said lots.

WHEN RECORDED, RETURN TO:

Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

PARKING LOT LEASE ESTOPPEL CERTIFICATE AND CONSENT

The Parking Lot Lease Estoppel Certificate and Consent (the "Certificate") is made and executed this _____ day of December, 2011 (the "Closing Date") by and between the City of Pittsburg, Kansas, a municipal corporation ("Lessor"), Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership ("Borrower"), to and for the benefit of Bonneville Mortgage Company, a Utah corporation ("Lender").

RECITALS

A. Lessor and Borrower entered into a Parking Lot Lease Agreement dated December 29, 2009 (the "Parking Lot Lease") whereby Lessor agreed to lease to Borrower the real property described in the Parking Lot Lease, which is located in Pittsburg County, Kansas, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Pursuant to the Multifamily Note dated the Closing Date in which Borrower appears as "Borrower" and Lender appears as "Lender" and which is in the original principal amount of One Million One Hundred Seventy Thousand Dollars (\$1,170,000.00) (the "Note"), and pursuant to the Term Loan Agreement dated the Closing Date wherein Borrower appears as "Borrower" and Lender appears as "Lender" (the "Loan Agreement"), Lender has loaned the proceeds of the Note to Borrower in connection with the financing of certain real property owned by Borrower ("Mortgaged Property") that is contiguous to the Property (the "Loan").

C. In connection with the Loan, Borrower has agreed to grant to Lender a lien on its leasehold interest in the Property, and to assign to Lender all of Borrower's interest as tenant in the Parking Lot Lease.

D. As a condition to making the Loan, Lender is requiring and Lessor has agreed to make certain representations and warranties concerning the Parking Lot Lease and to consent to the other transactions described in this Certificate.

ESTOPPEL CERTIFICATE AND CONSENTS

In exchange for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Lessor agrees as follows:

1. Estoppel Certificate. Lessor hereby certifies to and agrees with Lender that as of the date of this Agreement, Lender is relying on all of the following certifications, representations, warranties and agreements of the Lessor in consideration for Lender making the Loan to Borrower and hereby makes all of the following representations, warranties, and agreements:

a. The Parking Lot Lease is in full force and effect and is the valid and binding obligation of the Lessor and Borrower, enforceable in accordance with its terms.

b. All requirements for the commencement and validity of the Parking Lot Lease have been satisfied.

c. Neither Lessor nor Borrower, to the best of Lessor's knowledge, is in default under the Parking Lot Lease and no event has occurred and no condition exists, which with the giving of notice, the passage of time, or both, would constitute a default by the Lessor or Borrower under the Parking Lot Lease.

d. To the best of Lessor's knowledge, there are no defenses, counterclaims or setoffs against rents or charges due or which may become due under the Parking Lot Lease and no claim by Borrower of any nature exists against Lessor under the Parking Lot Lease. All obligations of Lessor have been fully performed under the Parking Lot Lease.

e. None of the rent which Tenant is required to pay under the Parking Lot Lease has been prepaid, or will in the future be prepaid, more than one month in advance.

f. Borrower has no right or option contained in the Parking Lot Lease or in any other document to purchase all or any portion of the Property.

g. The Parking Lot Lease has not been modified, terminated, or amended, by "side letter" or otherwise. Any modification, termination, or amendment of the Parking Lot Lease without the prior written consent of Lender shall be void as to Lender.

h. The Lessor has not mortgaged, pledged, encumbered, or otherwise transferred the Property or its interest in the Property, except to Lender as collateral for the Loan.

2. Notice and Opportunity to Cure. Lessor, on giving Borrower any notice of default pursuant to the terms of the Parking Lot Lease, shall also give a copy of such notice to Lender at the last address which Lessor has been given by Lender. Lender's address as of the date of the execution of this Certificate is set forth in this Certificate. Lender, its successor or assign, may, within the period given to Borrower in the Parking Lot Lease, and for an additional thirty (30) days

after the expiration of the period given to Borrower in the Parking Lot Lease, remedy such default or cause such default to be remedied, and Lessor shall accept such performance by or at the instance of Lender, its successor or assign, as if such performance had been made by Borrower. Lessor shall accept performance by Lender, its successor or assigns, or any purchaser at a foreclosure sale, of any term, covenant, condition, or agreement to be performed by Borrower under the Parking Lot Lease with the same force and effect as though performed by Borrower, specifically including, but without limitation, any payment of rent under the Parking Lot Lease.

3. Non-Disturbance. Lessor agrees not to disturb the possession of the Property by Borrower and to cause all lienholders of the Property to agree, in a form acceptable to Lender, not to disturb the possession of Borrower, Lender, its successors and assigns, and any purchaser at a foreclosure sale, under the Parking Lot Lease. Lessor agrees to perform and be bound by all of the obligations imposed on Lessor by the Parking Lot Lease for the balance of the term of the Parking Lot Lease, and any extension or renewals of the Parking Lot Lease, as long as no event of default has occurred under the Parking Lot Lease which has continued to exist for such period of time, after notice and opportunity to cure, if any, required by the Parking Lot Lease, as would entitle Lessor under the Parking Lot Lease to terminate the Parking Lot Lease, or would cause, without any further action of Lessor the termination of the Parking Lot Lease or would entitle Lessor to dispossess Borrower under the Parking Lot Lease.

Lessor agrees that it will not grant any liens on or otherwise grant any rights of any kind in the Property.

4. No Liability of Lender. Nothing contained in this Certificate or any other agreement is intended to constitute an agreement by Lender to perform any obligation of Borrower under the Parking Lot Lease. Furthermore, notwithstanding any provision herein to the contrary, Lessor acknowledges that in the event Lender obtains either possession of the Property or ownership of Borrower's interest in the Parking Lot Lease as a result of Borrower's default of Borrower's obligations under the Loan, Lender shall not be deemed to have assumed any of Borrower's obligations under the Parking Lot Lease except those obligations that run with the Property and accrue during the period of Lender's possession of the Property or ownership of Borrower's interests in the Parking Lot Lease. Such an assumption shall require an express written affirmation by Lender.

5. Right to Sublease and Mortgage. Notwithstanding anything to the contrary in the Parking Lot Lease, upon the transfer of a leasehold interest to the Property to Lender, Lessor agrees that Lender, its successor or assign, or any purchaser at a foreclosure sale, may sublease the Property or assign all of its or Borrower's rights in the Parking Lot Lease without the consent of Lessor. In addition, Lender, its successor or assign, may mortgage, lien, encumber, or otherwise transfer Borrower's interest in the Parking Lot Lease.

6. Insurance Proceeds and Condemnation Awards. Notwithstanding anything to the contrary in the Parking Lot Lease, at any time any amount is owing to Lender under the Promissory Note executed in connection with the Loan, and all other documents executed in connection with

the Loan (the “Loan Documents”), all proceeds from fire or extended coverage insurance or other insurance against casualty paid in connection with the Property, and all other improvements on the Property, and the leasehold interest in the Property shall be paid to Lender and applied in accordance with the terms of the Loan Documents; provided, however, the amount paid to Lender shall not exceed the amount owing to Lender under the Loan Documents.

7. **Future Estoppel Certificates.** Lessor agrees to execute and deliver to Lender, within fifteen (15) days of request by Lender, estoppel certificates in a form similar to this Certificate regarding such matters as Lender requests. Lessor shall not be obligated to deliver an estoppel certificate more often than one (1) time per calendar year, unless Lender determines, in its reasonable discretion, that an estoppel certificate is required more often.

8. **Consents.** Notwithstanding anything to the contrary in the Parking Lot Lease, Lessor hereby consents to the following transactions, and documents entered into in connection with the following transactions, and to the exercise by Lender, or its successor or assign, or any purchaser at a foreclosure sale, of all rights and remedies available under the following documents, at law, in equity, or by statute; provided, however, all of the interests assigned as collateral are subject to the Parking Lot Lease:

a. The lien on the Property created pursuant to a Multifamily Mortgage, Assignment of Rents and Security Agreement dated the Closing Date and executed by Borrower as “trustor”, to and for the benefit of Lender as “beneficiary”, together with all other documents executed in connection with the Loan.

b. The collateral assignment of Borrower’s interest as lessee in the Parking Lot Lease to Lender pursuant to the Assignment of Tenant’s Interest in Parking Lot Lease for Security dated the Closing Date and entered into between Borrower and Lender.

Borrower acknowledges and consents to the agreements, terms, and conditions set forth in this Certificate.

9. **Notices.** All notices shall be in writing and shall be deemed to have been sufficiently given or served when personally delivered or when deposited in the United States mail, by registered or certified mail, addressed as follows:

Lender: Bonneville Mortgage Company
111 East Broadway, Suite 310
Salt Lake City, Utah 84111
Attn: Brent H. Peterson

With copies to: Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Attn: John B. Lindsay

Lessor: City of Pittsburg, Kansas
P.O. Box 688
Pittsburg, Kansas 66762
Attn: City Clerk

Such addresses may be changed by notice to the other party given in the same manner provided in this Section.

10. Governing Law. This Certificate shall be governed by, construed and interpreted in accordance with the laws of the State of Kansas.

11. Successors and Assigns. This Certificate shall be binding upon any successors or assigns of Lessor and Borrower, and shall inure to the benefit of Lender and its successors and assigns.

12. Defined Terms. Unless otherwise defined in this Certificate, capitalized terms used herein have the meanings given them in the Loan Agreement.

13. Counterparts. This Certificate may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Certificate shall be sufficient for all purposes without producing or accounting for any other counterpart.

***[SIGNATURE PAGE(S) AND EXHIBIT(S),
IF ANY, FOLLOW THIS PAGE]***

Dated: December _____, 2011.

LESSOR

CITY OF PITTSBURG, KANSAS,
a municipal corporation

By: _____
Its: _____

BORROWER

**DOWNTOWN PITTSBURG HOUSING PARTNERS, LP, a
Kansas limited partnership**

By: Downtown Pittsburg Housing Corporation,
a Kansas corporation

Its: General Partner

By: _____
Its: _____

STATE OF KANSAS

COUNTY OF _____

This instrument was acknowledged before me on December _____, 2011, by _____, _____, of the City of Pittsburg, Kansas, a municipal corporation.

Notary Public

Print Name: _____

My commission expires:

STATE OF KANSAS

COUNTY OF _____

This instrument was acknowledged before me on December _____, 2011, by _____, _____, of Downtown Pittsburg Housing Corporation, a Kansas corporation, General Partner of Downtown Pittsburg Housing Partners, LP, a Kansas limited partnership.

Notary Public

Print Name: _____

My commission expires:

EXHIBIT A

REAL PROPERTY DESCRIPTION

The land referred to herein below is situated in the City of Pittsburg, County of Crawford, State of Kansas and is described as follows:

Address known as 121 East Fourth Street, Pittsburg, Kansas.

Legally described as:

Lots Numbered One (1), Two (2), Three (3), Four (4), Five (5), Six (6), and Seven (7) in Playter & Rhodes Subdivision of Lots 197 and 198 in Block 22 Original Town of Pittsburg, Kansas, according to the recorded Plat thereof. Also the South 8 feet of vacated alley laying North of and adjacent to said lots.