

Document Prepared By and When
Recorded return to:

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HERITAGE TOWERS - SECTION 202
PROJECT No. 109-EH001
NEW FHA PROJECT No. 109-11010

USE AGREEMENT

For Section 202 and 202/8 Projects that require HUD's approval to
prepay their direct loan.

This Agreement entered into this 1st day of February, 2009
by and between HERITAGE TOWERS OF THE CHRISTIAN CHURCH (DISCIPLES
OF CHRIST), a Wyoming non-profit corporation (herein called
"Owner") and the Secretary of Housing and Urban Development,
acting by and through the Assistant Secretary for Housing-Federal
Housing Commissioner (herein called "HUD"),

Witnesseth:

WHEREAS, HUD is directed, pursuant to Section 811 of the
American Homeownership and Economic Opportunity Act (AHEO Act),
to permit Owners to prepay Section 202 direct loans; and

WHEREAS, the original Section 202 Direct Loan was in the
original principal amount of \$2,318,600 dated August 31, 1978,
with a final maturity date of April 1, 2020; and

WHEREAS, in consideration of the promise to permit the
prepayment of the direct loan, and as required by Section
811(a)(1) of AHEO Act the Owner agrees to implement this Use
Agreement.

NOW THEREFORE, in consideration of the mutual promises set
forth herein, the parties hereto agree as follows:

1. This Agreement pertains to HERITAGE TOWERS located in the
City of Sheridan, County of Sheridan, Wyoming, as more
fully described in Exhibit "A" attached hereto (the
"Project"). The Owner, for itself, its successors and

assigns, covenants with HUD that the Owner will continue to operate the Project on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement or any Section 8 rental assistance payments contract or any other rental housing assistance contract and all applicable Federal regulations for not less than the remaining term of the original Section 202 direct loan. HUD will not unreasonably withhold consideration for relief of the rental assistance requirements of the Use Agreement if there is a termination of the rental assistance program and/or appropriation for the rental assistance program associated with this Project;

2. Where applicable:

- a. Subject to the availability of appropriations and so long as Owner is in compliance with all HUD requirements, including but not limited to this Use Agreement, HUD shall provide the Owner and the Owner shall accept renewals of the Section 8 Housing Assistance Payments contract in accordance with the terms as presented by HUD for renewals of Section 8 contracts at that time.
 - b. The Owner, for itself, its successors and assigns, covenants with HUD that the Owner will continue to operate the Project in accordance with the requirements of the Rent Supplement Assistance Contract that is in effect between HUD and this Project and all applicable Federal regulations, the Rent Supplement Assistance Contract and applicable HUD requirements for not less than the remaining term of the original Section 202 Direct Loan unless otherwise approved by HUD.
3. In the event of a breach or a threatened breach of any of the above covenants and agreements by the Owner, HUD and/or any tenant as a third-party beneficiary shall be entitled to institute legal action to enforce performance and observance of such covenants and agreements and to enjoin any acts which are violative of such covenants and agreements.
4. The Owner shall not (a) impede the reasonable efforts of tenants to organize as detailed in 24 CFR Part 245, or (b) unreasonably withhold the use of any community room or other available space appropriate for meetings which is part of the mortgaged property when requested by: (i) a resident tenant organization in connection with the representational purposes of the organization; or (ii) tenants seeking to organize or to consider collectively

- any matter pertaining to the operation of the mortgaged property.
5. The Owner, for itself, its successors and assigns, hereby agrees and acknowledges that this Use Agreement shall be recorded in the appropriate land records and that HUD and any successors and assigns and/or any third-party beneficiary may file suit against the Owner or any of its successors or assigns for an order of the court demanding specific performance of any of these covenants and agreements, enjoining any acts which are violative of such covenants and agreements, for an award of whatever damages can be proven and/or for such other relief as may be appropriate.
 6. The Owner agrees to maintain the Project solely as rental housing for very-low income elderly or disabled persons (or low income elderly or disabled person as approved by HUD or moderate income elderly or disabled persons in the case of non-subsidized Section 202 projects) for the life of the Use Agreement.
 7. The Project will continue to operate until the maturity date of the original Section 202 Direct Loan, in a manner that will provide rental housing for the elderly and persons with disabilities on terms at least as advantageous to existing and future tenants as the terms required by the original loan.
 8. The Owner will accept all forms of Section 8 tenant based assistance for all units that do not have project-based assistance for the life of the Use Agreement.
 9. Ownership of the project will be controlled by the Section 202 mortgagor entity; a non-profit entity of which the sole general partner is the Section 202 mortgagor entity; or a corporation wholly owned by the mortgagor entity; or an experienced non-profit elderly housing provider eligible as an owner under section 202(k)(3) and (k)(4) of the Housing Act of 1959 as amended by section 831 of the American Homeownership and Economic Opportunity Act of 2000 and in accordance with the Department's transfer of physical assets (TPA) procedures.
 10. Owner will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, handicap, familial status or national origin, including the Fair Housing Act of 1968, as amended.

11. In subsidized projects, admission to the Project shall be limited to tenants having a very -low- or low- or moderate-income which does not exceed the limits established by HUD and in effect at the time of admission.
12. The Owner will obtain from each prospective tenant, for occupancy in a Section 8 or Rent Supplement assisted unit, a certification of income prior to admission to the Project, and a recertification of income from each tenant each year following the date of admission. The Owner shall comply with all requirements of the Section 8 HAP Contract or the Rent Supplement Contract.
13. If any recertification discloses that family income, for a family living in Section 8 or Rent Supplement unit, exceeds the limits established by HUD and in effect at the time of recertification, the Owner shall require the tenant to pay an increased rental in an amount computed in accordance with a formula prescribed by HUD, and if the tenant refuses to pay the increased rent the Owner shall require the tenant to pay the unsubsidized rent for the unit.
14. The rent charged for each unit shall not exceed the upper limit of the range shown for such type of unit on a rental schedule approved in writing by HUD, and shall include the reasonable use of all utilities shown on said schedule, but in no event shall the total gross monthly rents for all dwelling units exceed the gross monthly dwelling income for all units approved by HUD on the rental schedule.
15. No increase will be made in the amount of the gross monthly dwelling income for all units as shown on the rental schedule unless such increase is approved by HUD, who will at any time entertain a written request for an increase properly supported by substantiating evidence and within a reasonable time shall:
 - (a) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance expenses over which the Owner has no effective control, or
 - (b) Deny the increase stating the reasons thereof.
16. The Owner shall maintain the premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition.

17. The books and accounts of the operations of the property and of the Project shall be kept in accordance with the requirements of HUD.
18. Within ninety (90) days following the end of each fiscal year, the Owner shall provide a complete annual financial report based upon an examination of the books and records of the Project prepared in accordance with the requirements of HUD and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
19. The Owner further covenants and agrees that if the Owner conveys title to the Project prior to the aforesaid maturity date, the Owner will require the HUD approved purchaser to assume the obligations of the Owner under this Agreement.
20. The Owner shall provide to HUD (or to such third party as HUD may, in its sole discretion, determine to have the monitoring function under this Agreement), promptly following receipt of a written request from HUD (or from such third party), copies of all Tenant certifications of income, re-certifications, calculations of permitted income ranges regarding the Housing Project, and such other documents as may be reasonably required to evaluate the Owner's compliance with the terms of this Agreement. In addition, the Owner shall permit representatives of HUD (or any third party given the monitoring responsibility) following notice from the HUD (or from the third party), to examine the originals of all such documents, at the Housing Project's office during regular business hours.
21. The Owner must certify annually by **February 28** of each year (insert date within 30 calendar days of the anniversary date of this Agreement), to the local HUD field office, or such other location as determined by HUD, that it is operating the Project in compliance with this Agreement and, more specifically, that all of the individual units, as well as the physical structure of the Project as a whole, for example grounds and equipment, comply with all applicable codes and requirement of this Agreement or that a remedial program to correct any existing deficiencies has been implemented.

Should any of the above covenants be held invalid in whole or in part, it shall not affect or invalidate the balance of such covenant or any other covenants.

In witness whereof, the parties hereto have hereunto caused these presents to be executed on their behalf and their seals affixed the day and year written below.

("Owner")

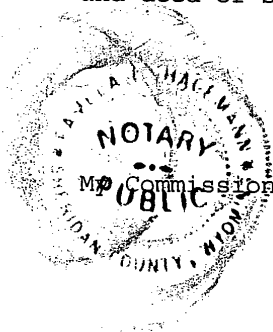
HERITAGE TOWERS OF THE
CHRISTIAN CHURCH (DISCIPLES OF
CHRIST)

By: Lee Ingalls
Lee Ingalls, President

STATE OF WYOMING)
)
COUNTY OF SHERIDAN)

On this 9 day of February, 2009, before me personally appeared Lee Ingalls, to me personally known, who, being by me duly sworn, did say that he is the President of HERITAGE TOWERS OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST), and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said President acknowledged said instrument to be the free act and deed of said corporation.

Pamela L. Hagemann
Notary Public



My Commission Expires: 6-7-2010

"SECRETARY"

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

By: Marcie LaPorte
 Name: MARCE LAPORTE
 Title: Director, Denver
Multifamily Hub

STATE OF COLORADO)

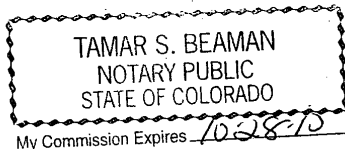
) ss.

CITY AND COUNTY OF DENVER)

Before me, Tamar S. Beaman, a Notary Public in and for the said State, on this 12 day of February, 2009, personally appeared Marcie LaPorte, who is well known to me to be the ✓ Director, Denver Multifamily Hub, and the person who executed the foregoing instrument by virtue of the authority vested in him/her by Section 7(d) of the Department of Housing and Urban Development Act, 42 U.S.C.A. §3535(d), as amended, and Section 207(b) of the National Housing Act, 12 U.S.C.A. § 1713(b), as amended, and I having first made known to him/her the contents thereof, he/she did acknowledge the signing thereof to be his/her free and voluntary act and done on behalf of the Secretary of Housing and Urban Development, for the uses, purposes and considerations therein set forth.

Witness my hand and official seal the 12 day of February, 2009.

(SEAL)



Tamar S. Beaman
 Notary Public

My Commission Expires:

EXHIBIT A

Legal Description

A PORTION of Lot 1, Block 2 & a portion of Lot 2, Block 2, Alger Addition and a portion of Lot E, Farnham Addition, in the City of Sheridan, Sheridan County, Wyoming, according to the deed on file in the office of the Clerk and Recorder of said County, under No. 745542, which is further described as follows:

Beginning at a point which is N00°44'27"E a distance of 40.00 feet from the SE corner of said Lot 2 said point of beginning being on the West right-of-way (R.O.W.) of Jefferson Street, thence N89°18'40"W for a distance of 351.35 feet; thence N39°08'47"E for a distance of 387.90 feet; thence S89°25'26"E for a distance of 110.37 feet, to a point on said West R.O.W.; thence S00°44'27"W, along said West R.O.W. a distance of 303.97 feet, to the point of beginning, said tract containing an area of 70,138 square feet and lies entirely within the above said legal description.