

**COEUR D'ALENE CITY COUNCIL
ADDENDUM AGENDA NO. 1
FOR THE APRIL 16, 2013
COUNCIL MEETING**



Addition of the following item:

I. OTHER BUSINESS

6. Resolution No. 13-026 Subordination Agreement with Utah Community Reinvestment Corporation for Mill River Seniors LLC 2010 CDBG Project.

**Renata McLeod, City Clerk and
Troy Tymesen, Finance Director**

Posted April 12, 2013

STAFF REPORT

DATE: April 16, 2013

FROM: Renata McLeod, City Clerk
Troy Tymesen, Finance Director

SUBJECT: Approve the Subordination Agreement with Utah Community Reinvestment Corporation for the Mill River Seniors LLC 2010 CDBG Project.

DECISION POINT: Approve the Subordination Agreement with Utah Community Reinvestment Corporation for the Mill River Seniors LLC 2010 CDBG Project.

HISTORY: The City entered into an Agreement for CDBG Grant Funds for Mill River Seniors LLC on August 17, 2010 (attached hereto). The terms of the agreement included the development of 39 apartment units for low-income tenants. The project has been completed and full payment of CDBG funds has been made to Mill River Seniors LLC. The Agreement refers to the funding as “loan funds” as part of an overall tax credit project. The terms of the loan are equivalent to a grant, with zero percent interest and no payback requirement. The clear intent of the project was to provide local municipal support to garner points in the competitive tax credit application process, and to provide a grant toward the CDBG Goal of finding solutions for affordable housing. Mill River Seniors LLC is in the process of closing the construction note and moving toward permanent financing with the Utah Community Reinvestment Corporation, which requires the Subordination Agreement. CDBG funds are not expected to be repaid; therefore, staff recommends approval of the Subordination Agreement.

FINANCIAL ANALYSIS: The Agreement for CDBG Grant Funds provided funding in the amount of \$240,000 for a project that provides 39 units to low-income tenants for approximately 40 years.

PERFORMANCE ANALYSIS: Approving this Agreement will allow Mill River Seniors LLC to move forward with closing their permanent loan for the project.

DECISION POINT/RECOMMENDATION: Approve the Subordination Agreement with Utah Community Reinvestment Corporation for the Mill River Seniors LLC 2010 CDBG Project.

AGREEMENT FOR CDBG GRANT FUNDS FOR MILL RIVER SENIORS LLC

This Agreement is entered into between the CITY OF COEUR D'ALENE, a municipal corporation, whose mailing address is 710 E Mullan Avenue, Coeur d'Alene, Idaho 83814-3958, hereinafter referred to as the "CITY" and MILL RIVER SENIORS, LLC., an Idaho limited liability company, whose mailing address is: P.O. Box 1478, Hayden, Idaho, 83835-1478, hereinafter referred to as "Owner."

The key contact for Owner is Maryann Prescott, Project Representative.

The key contact for the CITY is Nelle Coler, Grant Administrator, Panhandle Area Council.

1. Activities Under This Agreement. The CITY has received from the U.S. Department of Housing and Urban Development ("HUD") grants from the Community Development Block Grant Program, identified as No. B-09-MC-16-0007 and B-10-MC-16-0007 (the "CDBG Grants.") From these CDBG Grants the CITY is awarding \$240,000.00 (two hundred forty thousand dollars) to Owner for land acquisition and architecture and engineering activities. Owner will acquire property (approximately 6.0 acres) at the 4000 Block of W. Seltice Way, Coeur d'Alene. A description of the property is attached hereto as Exhibit "A" and by this reference is incorporated herein. The company will develop and manage an affordable senior rental community, Mill River Senior LLC, consisting of 39 units for low-income seniors, 10 market rate units, and one onsite manager unit, a community building and associated infrastructure. The 39 units designated for low-to-moderate income seniors (55+) will consist of 6 one-bedroom and 33 two-bedroom units predominantly servicing the 40%, 45% & 50% AMI (average median income) households. The project is more fully described in the "Scope of Work" attached hereto as Exhibit "B" and by this reference incorporated herein.

2. Loan Amount. The maximum amount of the CDBG grant funds to be loaned to Owner under this Agreement is \$240,000.00 (two hundred forty thousand dollars), referred to herein as the "loan funds." The loan funds will be loaned to the Owner in two loans, i.e., \$200,000 and \$40,000, respectively, as provided for in the Promissory Notes and Deed of Trust attached hereto as Exhibit "C," and by this reference incorporated herein. Owner will provide the management resources, professional services, staff, and office supplies needed for the project.

3. Budget. Owner shall adhere to the CDBG Budget-Use of Funds outlined in Exhibit "B" unless otherwise amended in writing by Owner and the CITY. In the event costs exceed these loan funds, Owner is responsible for funding any and all additional costs. The CITY will not provide additional funds to pay any costs in excess of \$240,000.00 (two hundred forty thousand dollars). The Owner will immediately repay to the City any amount of the loan funds that the City reasonably determines have been expended in a manner inconsistent with the CDBG Budget-Use of Funds.

4. Permits. All permits and inspections required by the City of Coeur d'Alene and all other applicable jurisdictions must be obtained by Owner in accordance with code requirements.

5. Payments. Owner may request loan funds up to 100% of the value of property acquired or work performed for all items in the CDBG Budget-Use of Funds. All requests shall be supported by appropriate documentation such as receipts, billings, invoices, timesheets or other similar documents. The request must be submitted monthly to PAC for review and include a detailed, itemized numbered invoice including the date, project name, name and address of the party to whom payment should be made, the activities completed, dates of completion, location of activities, and any additional information required by the grant-funding agency. PAC will verify the information, process the request and submit the invoice to the CITY for payment.
6. Insurance. Owner warrants that it has obtained, and will maintain at its expense for the duration of this Agreement, statutory worker's compensation coverage, employer's liability and comprehensive general liability insurance coverage for its principals and employees. The comprehensive general liability insurance shall have, at a minimum, a coverage limit of at least two million dollars (\$2,000,000).
7. Program Requirements. This Agreement and the project is governed by the provisions of Title I of the Housing and Community Development Act of 1974 as amended, Public Law 93-383 and the implementing regulations at 24 CFR Part 570. Owner shall not take any action or do anything inconsistent with the purposes and intent of the CDBG program. Owner shall comply with all state, local, and federal laws and regulations that pertain to the program and the CDBG Scope of Work.
8. Environmental. Owner shall comply with any HUD environmental regulations and with the Water Pollution Control Act, Clean Air Act, National Historic Preservation Act, Flood Disaster Protection Act, Lead Based Paint Regulations, and shall comply with all inspection, reporting, monitoring, and requirements of environmental regulations. The Environmental Assessment was prepared by Tracy Drouin, Idaho Housing and Finance Association and approved by Julie Williams. The EA resulted in a Finding of No Significant Impact; the Release of Funds was issued July 13, 2010 by Doug Carlson, Director, Community Planning and Development, HUD Office, Portland, Oregon.
9. Real Property Acquisition, Relocation and Disposal. Acquisition activities are governed by the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act or URA), 49 CFR Part 24. The location of the planned Mill River Seniors Apartments, 4000 Block of Seltice Way, Coeur d'Alene, Idaho is a vacant parcel; there has not been, nor will there be, displacement of any persons as a result of this project.
10. Clear Title. Owner will provide to the CITY proof of issuance of an ALTA Title Policy including protection against mechanics and other liens and guaranteeing the property to be free and clear of exceptions other than the mortgage liens and standard and customary exceptions.
11. Procurement Standards and Methods. Since, funding for this project is provided by federal, state and local public sources, Owner shall use procurement and purchasing standards related to expenditures approved on Exhibit "B" that comply with the most stringent of these entity's applicable rules and regulations.

12. Termination of Agreement. The CITY may at any time terminate this agreement for cause or convenience. If terminated for the convenience of the CITY, the CITY shall pay for any work completed up the date of the termination. If the CITY terminates this agreement for cause, the CITY will not make any payments for work completed in violation of this agreement. If for any reason the Agreement is terminated, Owner agrees and acknowledges that the CITY shall bear no liability or responsibility of any kind or for any reason to Owner for any of the funds received, to be received, or anticipated to be received pursuant to this Agreement.

13. Remedies. Regardless of the successful completion of construction of the Mill River Senior Apartments, Owner agrees to reimburse the CITY the entire amount of the grant if the project goal and the National Objective are not met as stated in the CDBG Scope of Work. The project goal is to develop a 50-unit apartment complex on vacant land to provide senior housing; the National Objective is to benefit low-to-moderate income persons. The National Objective will be met when two 2-bedroom housing units are occupied by LMI persons.

14. Financial and Progress Reports. In the performance of this Agreement, Owner shall keep books, records and accounts of all of Owner's activities related to the provisions of this Agreement. On a monthly basis, and at project completion, Owner shall submit to PAC a financial report that details costs incurred by line item as described in the project budget (Exhibit "B"). Owner acknowledges that the CITY is required to submit to HUD interim performance reports, and therefore Owner agrees to submit to PAC, monthly performance reports in the format provided by PAC and to provide any and all information which the CITY may need or request in preparing the CITY's interim performance reports to HUD. A detailed written final report with documentation of the activities carried out and benefits generated shall be submitted to PAC at the conclusion of the project. The project cannot be closed out until the National Objective is met, occupancy of two 2-bedroom units by low-to-moderate income persons. It is understood that Owner has additional reporting requirements pursuant to other project funding; Owner will be solely responsible for those requirements.

15. Record Keeping. Owner shall keep sufficient records, files, accounting records and documentation to track expenditures as they relate to this loan. It shall keep records sufficient to document purchases are in accordance with procurement policies. Any real property acquisition activities shall be documented as required by the Acquisition and Relocation requirements of the grant program. Records of compliance with any environmental requirements shall be maintained.

16. Client Data. Client information collected under this agreement is private and the use or disclosure such information is prohibited when not directly related to responsibilities and requirements under this agreement unless written consent is first obtained from the client.

17. Amendments to this Agreement. Owner understands and agrees that no change shall be made to the nature or purpose of the project and this agreement and that no changes shall be made in the budget, loan documents, the scope of work, or the design of the project without the prior written consent of the CITY. Either party may initiate an amendment. From time to time the CITY may at

it discretion amend the agreement to reflect changes in the program requirements, regulations or law.

18. Subcontracts. Owner shall seek CITY approval prior to entering into any subcontracts for activities funded with CDBG dollars under this Agreement. Owner shall notify PAC to request approval by the CITY. These subcontracts shall contain all the requirements of this agreement. Amendments to subcontracts shall have both the CITY's and Owner's approval before they are effective amendments. All agreements and subcontracts must comply with all applicable state and federal laws and regulations.

19. Audit and Monitoring. Owner acknowledges that the CITY is required pursuant to the Grant Agreement to provide HUD an annual financial audit in accordance with OMB Circular A-128 and the Single Audit Act of 1984. To assist the CITY in preparing the required annual financial audits and all other reporting requirements of the CITY, Owner shall provide through the last fiscal year in which loan funds are expended any and all information necessary to or requested by the CITY in preparation of any annual audit or other reporting requirement. The CITY, PAC and HUD may monitor and make periodic inspections of the project and all of Owner's books and records shall be available to the CITY and to HUD during regular working hours. These books and records shall be maintained for at least four (4) years following the project closeout. The CITY, Representatives of the Secretary of Housing and Urban Development (HUD), the inspector general or the general accounting office shall have access to all books, accounts, reports, files, and other papers, things or property belonging to or in use pertaining to the administration of the loan funds pursuant to this Agreement.

21. Severability. The provisions of this Agreement are severable. In the event any provision shall be determined to be void or unenforceable for any reason, such determination shall not affect the enforceability of the remaining provisions.

22. Indemnification. Owner waives any and all claims and recourse against the CITY or its employees, officers and agents, including the right of contribution for loss and damage to persons or property arising from, growing out of, or in any way connected with or incident to Owner's performance of this agreement except for liability arising out of concurrent or sole negligence of the CITY or its officers, agents or employees. Further, Owner will indemnify, hold harmless, and defend the CITY and its employees, officers and agents against any and all claims, demands, damages, costs, expenses or liability arising out of Owner's performance of this agreement except for liability arising out of the concurrent or sole negligence of the CITY or its officers, agents or employees.

23. Conflict of Interest. Owner warrants that it presently has no interest and will not acquire any interest, direct or indirect, in the award of this agreement that would conflict in any manner or degree with the performance of its services hereunder. Owner further covenants that, in performing this agreement, it will employ no person who has any such interest.

24. Relationship of Contracting Parties. This Agreement does not establish an employer- employee relationship between the parties.

25. Closeout. Owner's obligation to the CITY under this agreement shall not end until the project National Objective met; two 2-bedroom housing units constructed and occupied by LMI persons.

26. Construction and Venue. This agreement will be construed under and governed by the laws of the State of Idaho. In the event of litigation concerning it, venue is the First Judicial District in and for the County of Kootenai, State of Idaho.

27. Copy Rights. If this agreement results in any copyrightable materials or inventions, the CITY reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use the work or materials for governmental purposes.

28. Religious and Lobbying Activities. Owner certifies that no federal funds have been paid or will be paid to any person for the purpose of influencing any official, employee of any agency or Member of Congress in the connection of awarding any federally funded agreement or agreement. If other funds have been or will be so used, the Owner certifies it has followed the proper procedures and submitted the Disclosure Form to Report Lobbying.

Owner certifies that no funds provided by this agreement shall be used by personnel employed in the activities funded under this agreement for political activities, lobbying, political patronage or nepotism.

Owner further agrees that funds provided under this agreement will not be used for religious activities such as worship, religious instruction or proselytizing.

29. Anti Discrimination. Owner shall not discriminate in the provision of its services including housing, hiring practices or procurement on any of the following basis; Race, Color, National Origin, Family Status, Sex, Handicapping Condition, or Religion. Owner agrees to comply with Idaho Code and with Title VI of the Civil Rights Act of 1964 as amended. Title VIII of the Civil Rights Act of 1968 as amended, Section 104 (b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973 and the American with Disabilities Act of 1990, The Age discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

Being in agreement and in witness thereof, we set our signature to this agreement.

CITY of Coeur d'Alene

Dated: Aug. 17, 2010 By: Sandi Bloem
Sandi Bloem, Mayor
City of Coeur d'Alene, Idaho

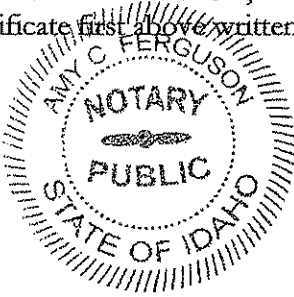
ATTEST:

Susan K. Weathers
Susan K. Weathers, City Clerk

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 17th day of August 2010, before me, a Notary Public, in and for the State of Idaho, personally appeared **SANDI BLOEM and SUSAN K. WEATHERS**, known to me to be the Mayor and City Clerk, respectively, of the City of Coeur d'Alene and the persons who executed the foregoing instrument and acknowledged to me that said City of Coeur d'Alene executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.



[Signature]
Notary Public for Idaho
Residing at Coeur d'Alene Post Falls
My Commission expires: 10-30-15

Dated: 8-24-10

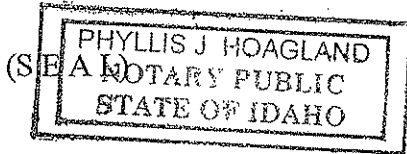
[Signature]
By: _____
Todd Prescott
Mill River Seniors LLC
By: Mill River Associates LLC , its managing member
By: Whitewater Development LLC, its member
MILL RIVER SENIORS LLC

STATE OF IDAHO)

COUNTY OF KOOTENAI) ss.
)

On this 24th day of August, 2010, before me, the undersigned, a Notary in and for said County, personally appeared Todd Prescott, known to me to be a Member of Whitewater Development LLC, an Idaho limited liability company, and the Managing Member of Mill River Associates LLC, an Idaho limited liability company and the Managing Member of Mill River Seniors LLC, an Idaho limited liability company, and acknowledged to me that she executed the within instrument on behalf of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.



Phyllis J Hoagland
NOTARY PUBLIC For Idaho
Residing at HAYDEN IDAHO, therein
My Commission Expires: 12/1/2012

Exhibit A

Property Description

BEGINNING at the South Quarter corner of said Section 4, Township 50 North, Range 4 W.B.M., thence

Along the East line of the Southwest Quarter of said Section 4, North 1°34'41" West 827.71' to a point on the Northerly right of way line of U.S. Highway 10 and the TRUE POINT OF BEGINNING; thence

Continuing along said East line, North 1°34'41" West, 605.19' to the Southerly right of way line of U.S. Interstate Highway 90; thence

Along said right of way line, North 74°10'54" West, 426.19 feet to the Northwest corner of the herein described parcel; thence

Along a line parallel with the West line of the Northeast Quarter and Southeast Quarter of the Southwest Quarter said Section 4, South 1°27'18" East, 560', more or less, to the Northerly right of way line of U.S. Highway 10; thence

Southeasterly along said right of way line, 446' more or less, to the TRUE POINT OF BEGINNING, said point bears South 68°38'38" East, 442.92' from the aforesaid point;

EXCEPT any portion which may lie within property deeded to Edmund C. Ziegler and Kimberly A. Ziegler, husband and wife by document recorded April 29, 1996 under Instrument No. 1443655, described as follows:

COMMENCING at the Southwest corner of the Northeast quarter of the Southwest quarter of said Section 4 according to an unrecorded survey per P.E. No. 3451 dated May 31, 1978; thence

South 00° 00' 48" West along the West line of the Southeast quarter of the Southwest quarter a distance of 60.84 feet to the Northerly right of way of Seltice Way; thence

Along said right of way South 73° 03' 05" East a distance of 336.69 feet to a ½ inch rebar being the TRUE POINT OF BEGINNING; thence

North 00° 07' 58" East a distance of 267.88 feet; thence

North 52° 06' 21" East a distance of 364.94 feet to the Southerly right of way of U.S. Highway 90; thence

Along said right of way South 72° 42' 48" East a distance of 323.07 feet; thence

South 33° 05' 16" West a distance of 536.26 feet to the Northerly right of way of Seltice Way; thence

Along said right of way, being a 5004.58 foot radius curve to the left, an arc length of 84.31 feet, having a delta of 00° 49' 56" and which chord bears North 71° 30' 07" West a distance of 84.31 feet to P.S.C. Station 503+09.1 as shown on the Plans of Project F.I.F.G.I.53(8),

now on file in the office of the Idaho Transportation Department, thence along a spiral curve being 75.00 feet Northerly of and parallel with the "C" line of said Project F.I.F.G.I.53(8) which chord bears North 72° 43' 01" West a distance of 201.31 feet; thence

North 73° 03' 05" West a distance of 69.68 feet to the TRUE POINT OF BEGINNING.



Exhibit B

Agreement between City of Coeur d'Alene and Mill River Seniors LLC

Scope of services

Mill River Seniors LLC. will utilize \$200,000 from the City's CDBG Entitlement program for land acquisition and \$40,000 under the City's Community Opportunity Grant Program for architecture and engineering activities during the development and construction of **Mill River Senior Apartments**, a 50-unit project, including 39 units for low-income seniors. The estimated total budget for the project is \$7,008,281. The project will meet HUD's National Objective of benefitting low-to-moderate income persons. Mill River Senior Apartments will provide safe, clean, affordable housing for tenants who are 55+ years of age. The project site is located on the north side of Seltice Way, just to the west of Grandmill Lane.

Line Item Budget
Mill River Senior Apartments Project

BUDGET ITEMS	CDBG Entitlement	Term Loan	HOME URD/TIF	LIHTC	TOTAL PROJECT COST
PROJECT COSTS					
Acquisition	\$200,000		\$326,000	\$135,552	\$661,552
Appraisal Costs				\$5,000	\$5,000
Design					
Architectural/Eng.	\$40,000		\$70,000	\$32,800	\$142,800
Construction		\$1,568,619		\$2,904,802	\$4,473,421
Permits and Fees*			\$370,000		\$370,000
Insurance				\$12,500	\$12,500
Legal Fees:				\$80,000	\$80,000
Financing:				\$156,430	\$156,430
Other Interest Res:		\$231,381			\$231,381
Other Title & Closing:				\$150,197	\$150,197
Other Operating Res:				\$135,000	\$135,000
Other Dev. Fee:				\$590,000	\$590,000
OPERATING TOTAL	\$240,000	\$1,800,000	\$766,000	\$4,202,281	\$7,008,281
PROJECT TOTAL	\$240,000	\$1,800,000	\$766,000	\$4,202,281	\$7,008,281

*Deferral of fees until

Mill River Seniors LLC will acquire property (approximately 6.0 acres) at the 4000 Block of W Seltice Way, Coeur d'Alene. The company will develop and manage an affordable senior rental community, Mill River Senior LLC, consisting of 39 units for low-income seniors, 10 market rate units, a resident manager unit, a community building and associated infrastructure. The 39 units designated for low-to-moderate income seniors (55+) will consist of 6 one-bedroom and 33 two-bedroom units predominantly servicing the 40%, 45% & 50% AMI (average mean income) households.

The CDBG funded project will be complete when two 2-bedroom units are occupied by low-to-moderate income persons.

Schedule:

Project Activity	Date (to be) Completed
Developer Agreement Executed	August 2010
Design Professional Agreement Executed	February 2010
Other procurement completed	February 2010
Environmental Review started	May 2010
Environmental Release	July 2010
Land Acquisition complete	August 2010
Bid Opening	August , 2010
Construction Agreement Executed	August, 2010
Start Construction	September, 2010
Certificate of Substantial Completion	August 31, 2011
Grant Closeout	December 1, 2011

Exhibit C

WHEN RECORDED MAIL TO:

City of Coeur d'Alene
CDBG Grant Program
710 E. Mullan Avenue
Coeur d'Alene, Idaho 83814-3958
Attn: Grant Administrator

Tax Parcel I.D. No(s):

**DEED OF TRUST
WITH ASSIGNMENT OF RENTS**

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS (hereinafter, this "Instrument") is made as of this 17th day of August, 2010, among the Borrower, MILL RIVER SENIORS LLC, an Idaho limited liability company, whose mailing address is P.O. Box 1478, Hayden, Idaho 83835-1478 (hereinafter, "Borrower"), the Trustee, FIRST AMERICAN TITLE COMPANY, whose address is 1866 North Lakewood Drive, Coeur d'Alene, Idaho 83814 (hereinafter, "Trustee"), and the Beneficiary, CITY OF COEUR D'ALENE, a municipal corporation, whose address is 710 E. Mullan Avenue, Coeur d'Alene, Idaho 83814-3958 (hereinafter, "Beneficiary").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all of Borrower's present and future estate, right, title and interest in and to the following property, rights, privileges and interests, to-wit:

See Attached Exhibit A.

TOGETHER WITH all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances there unto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits;

TO SECURE TO BENEFICIARY the repayment of the indebtedness evidenced by Borrower's two Promissory Notes dated of even date herewith in the original principal amounts of (i) TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00) and (ii) FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00), in the manner and with interest as therein set forth respectively.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Borrower fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, subject to the rights of senior lienholders, the entire amount of the award or such portion as maybe necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Borrower and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Borrower in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable in accordance with the loan documents (at the option of the Beneficiary). In such event and upon written request of Beneficiary, Trustee shall sell the trust property at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Borrower had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Borrower, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

7. This Deed of Trust applies to inure to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

8. This Deed of Trust shall be construed according to the laws of the State of Idaho.

[Remainder of this page intentionally left blank
signature page to follow]

THE UNDERSIGNED has caused this Deed of Trust to be executed on the above-stated date.

MILL RIVER SENIORS LLC,
an Idaho limited liability company

By: Mill River Associates LLC,
an Idaho limited liability company,
its managing member

By: Whitewater Development LLC,
an Idaho limited liability company,
its manager

By: _____
Maryann W. Prescott
Manager

STATE OF IDAHO)
 : ss.
COUNTY OF KOOTENAI)

On this _____ day of August, 2010, before me, the undersigned, a Notary in and for said County, personally appeared Maryann W. Prescott, known to me to be the Manager of Whitewater Development LLC, an Idaho limited liability company, and the Manager of Mill River Associates LLC, an Idaho limited liability company and the Managing Member of Mill River Seniors LLC, an Idaho limited liability company, and acknowledged to me that she executed the within instrument on behalf of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

(S E A L)

NOTARY PUBLIC For Idaho
Residing at _____, therein
My Commission Expires: _____

PROMISSORY NOTE

August 17, 2010 ("Effective Date")

\$40,000

FOR VALUE RECEIVED, MILL RIVER SENIORS LLC, an Idaho limited liability company (the "Payor") hereby promises to pay to CITY OF COEUR D'ALENE, a municipal corporation (the "Payee"), the principal amount of Forty Thousand and 00/100 Dollars (\$40,000) (the "Principal Sum") together with interest, in accordance with the terms and conditions set forth below. All capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Amended and Restated Operating Agreement of the Payor, dated on or about the even date herewith ("Operating Agreement"). The outstanding Principal Sum and all accrued interest shall be due and payable on the maturity date (the "Maturity Date"), which date shall be the earlier of (i) August 17, 2028 or (ii) the sale, refinancing or other disposition of the Project.

1. Interest Rate.

The unpaid balance of this Note shall accrue interest at the per annum rate of zero percent (0%) ("Interest Rate").

2. Payments of Principal and Interest.

(a) Payments of principal and interest shall be payable from Net Cash Flow in accordance with the provisions of the Operating Agreement.

(b) Payments shall be applied first to interest and then to principal.

3. CDBG Agreement with Payee.

This Note shall be subject to the terms and conditions of that certain Agreement for CDBG Grant Funds dated August 17, 2010 by and between the Payee and the Payor (the "Contract").

4. Miscellaneous.

(a) This Note is secured by a Deed of Trust of even date herewith from the Payor to Payee (the "Deed of Trust") covering certain premises in the City of Coeur d'Alene, Kootenai County, Idaho and more particularly described therein.

(b) This Note is payable in the lawful money of the United States of America at the principal office of the Payee, 710 E. Mullan Avenue, Coeur d'Alene, Idaho 83814-3958, or at such place as the Payee shall designate in writing to the Payor.

(c) In the event of any dispute between the parties hereto regarding the terms and conditions of this Note, the prevailing party shall be entitled to an award of its attorney's fees and court costs actually incurred in connection with such dispute.

(d) This Note may be prepaid at any time without penalty.

(e) This Note shall be construed and enforced in accordance with the laws of the State of Idaho.

(f) This Note shall be binding on successors and assigns and may not be amended without the written approval of the Investor Member.

(g) Subject to the terms of the Contract, the liability of Payor, its members or any partner, member, affiliate, stockholder, officer or director of any partner of the Payor for the payment of any amount payable hereunder or any obligation set forth herein shall be enforceable only out of the property subject to the Deed of Trust, and the rents and issues therefrom. Neither Payee nor any subsequent holder of this Note shall have any right to seek

collection of this Note or the performance of any obligation hereunder out of the assets (personal or otherwise) of Payor, its members or any partner, member, affiliate, stockholder, officer or director of any partner of the Payor it being understood that Payee's sole recourse shall be to the property subject to the Deed of Trust.

(h) In the event of a conflict between the Contract and this Note, then the Contract shall apply, govern, control and prevail, and this Note shall be construed and amended to implement the intent of the Contract.

IN WITNESS WHEREOF, the Payor has executed this Promissory Note as of the Effective Date.

MILL RIVER SENIORS LLC,
an Idaho limited liability company

By: Mill River Associates LLC,
an Idaho limited liability company,
its managing member

By: Whitewater Development LLC,
an Idaho limited liability company,
its manager

By: _____
Maryann W. Prescott
Manager

PROMISSORY NOTE

August 17, 2010 ("Effective Date")

\$200,000

FOR VALUE RECEIVED, MILL RIVER SENIORS LLC, an Idaho limited liability company (the "Payor") hereby promises to pay to CITY OF COEUR D'ALENE, a municipal corporation (the "Payee"), the principal amount of Two Hundred Thousand and 00/100 Dollars (\$200,000) (the "Principal Sum") together with interest, in accordance with the terms and conditions set forth below. All capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Amended and Restated Operating Agreement of the Payor, dated on or about the even date herewith ("Operating Agreement"). The outstanding Principal Sum and all accrued interest shall be due and payable on the maturity date (the "Maturity Date"), which date shall be the earlier of (i) August 17, 2028 or (ii) the sale, refinancing or other disposition of the Project.

1. Interest Rate.

The unpaid balance of this Note shall accrue interest at the per annum rate of zero percent (0%) ("Interest Rate").

2. Payments of Principal and Interest.

(a) Payments of principal and interest shall be payable from Net Cash Flow in accordance with the provisions of the Operating Agreement.

(b) Payments shall be applied first to interest and then to principal.

3. CDBG Agreement with Payee.

This Note shall be subject to the terms and conditions of that certain Agreement for CDBG Grant Funds dated August 17, 2010 by and between the Payee and the Payor (the "Contract").

4. Miscellaneous.

(a) This Note is secured by a Deed of Trust of even date herewith from the Payor to Payee (the "Deed of Trust") covering certain premises in the City of Coeur d'Alene, Kootenai County, Idaho and more particularly described therein.

(b) This Note is payable in the lawful money of the United States of America at the principal office of the Payee, 710 E. Mullan Avenue, Coeur d'Alene, Idaho 83814-3958, or at such place as the Payee shall designate in writing to the Payor.

(c) In the event of any dispute between the parties hereto regarding the terms and conditions of this Note, the prevailing party shall be entitled to an award of its attorney's fees and court costs actually incurred in connection with such dispute.

(d) This Note may be prepaid at any time without penalty.

(e) This Note shall be construed and enforced in accordance with the laws of the State of Idaho.

(f) This Note shall be binding on successors and assigns and may not be amended without the written approval of the Investor Member.

(g) Subject to the terms of the Contract, the liability of Payor, its members or any partner, member, affiliate, stockholder, officer or director of any partner of the Payor for the payment of any amount payable hereunder or any obligation set forth herein shall be enforceable only out of the property subject to the Deed of Trust, and the rents and issues therefrom. Neither Payee nor any subsequent holder of this Note shall have any right to seek

collection of this Note or the performance of any obligation hereunder out of the assets (personal or otherwise) of Payor, its members or any partner, member, affiliate, stockholder, officer or director of any partner of the Payor it being understood that Payee's sole recourse shall be to the property subject to the Deed of Trust.

(h) In the event of a conflict between the Contract and this Note, then the Contract shall apply, govern, control and prevail, and this Note shall be construed and amended to implement the intent of the Contract.

IN WITNESS WHEREOF, the Payor has executed this Promissory Note as of the Effective Date.

MILL RIVER SENIORS LLC,
an Idaho limited liability company

By: Mill River Associates LLC,
an Idaho limited liability company,
its managing member

By: Whitewater Development LLC,
an Idaho limited liability company,
its manager

By: _____
Maryann W. Prescott
Manager

WHEN RECORDED MAIL TO:

City of Coeur d'Alene
CDBG Grant Program
710 E. Mullan Avenue
Coeur d'Alene, Idaho 83814-3958
Attn: Grant Administrator

Tax Parcel I.D. No(s):

**DEED OF TRUST
WITH ASSIGNMENT OF RENTS**

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS (hereinafter, this "Instrument") is made as of this 17th day of August, 2010, among the Borrower, MILL RIVER SENIORS LLC, an Idaho limited liability company, whose mailing address is P.O. Box 1478, Hayden, Idaho 83835-1478 (hereinafter, "Borrower"), the Trustee, FIRST AMERICAN TITLE COMPANY, whose address is 1866 North Lakewood Drive, Coeur d'Alene, Idaho 83814 (hereinafter, "Trustee"), and the Beneficiary, CITY OF COEUR D'ALENE, a municipal corporation, whose address is 710 E. Mullan Avenue, Coeur d'Alene, Idaho 83814-3958 (hereinafter, "Beneficiary").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all of Borrower's present and future estate, right, title and interest in and to the following property, rights, privileges and interests, to-wit:

See Attached Exhibit A.

TOGETHER WITH all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances there unto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits;

TO SECURE TO BENEFICIARY the repayment of the indebtedness evidenced by Borrower's two Promissory Notes dated of even date herewith in the original principal amounts of (i) TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00) and (ii) FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00), in the manner and with interest as therein set forth respectively.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Borrower fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, subject to the rights of senior lienholders, the entire amount of the award or such portion as maybe necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Borrower and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Borrower in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable in accordance with the loan documents (at the option of the Beneficiary). In such event and upon written request of Beneficiary, Trustee shall sell the trust property at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Borrower had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Borrower, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

7. This Deed of Trust applies to inure to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

8. This Deed of Trust shall be construed according to the laws of the State of Idaho.

[Remainder of this page intentionally left blank
signature page to follow]

THE UNDERSIGNED has caused this Deed of Trust to be executed on the above-stated date.

MILL RIVER SENIORS LLC,
an Idaho limited liability company

By: Mill River Associates LLC,
an Idaho limited liability company,
its managing member

By: Whitewater Development LLC,
an Idaho limited liability company,
its manager

By: _____
Maryann W. Prescott
Manager

STATE OF IDAHO)
) ss.
COUNTY OF KOOTENAI)

On this _____ day of August, 2010, before me, the undersigned, a Notary in and for said County, personally appeared Maryann W. Prescott, known to me to be the Manager of Whitewater Development LLC, an Idaho limited liability company, and the Manager of Mill River Associates LLC, an Idaho limited liability company and the Managing Member of Mill River Seniors LLC, an Idaho limited liability company, and acknowledged to me that she executed the within instrument on behalf of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

(S E A L)

NOTARY PUBLIC For Idaho
Residing at _____, therein
My Commission Expires: _____

EXHIBIT "A"
(Legal Description of the Property)

PROPERTY located in Kootenai County, State of Idaho, more particularly described as follows:

BEGINNING at the South Quarter corner of said Section 4, Township 50 North, Range 4 W.B.M., thence

Along the East line of the Southwest Quarter of said Section 4, North 1°34'41" West 827.71' to a point on the Northerly right of way line of U.S. Highway 10 and the TRUE POINT OF BEGINNING; thence

Continuing along said East line, North 1°34'41" West, 605.19' to the Southerly right of way line of U.S. Interstate Highway 90; thence

Along said right of way line, North 74°10'54" West, 426.19 feet to the Northwest corner of the herein described parcel; thence

Along a line parallel with the West line of the Northeast Quarter and Southeast Quarter of the Southwest Quarter said Section 4, South 1°27'18" East, 560', more or less, to the Northerly right of way line of U.S. Highway 10; thence

Southeasterly along said right of way line, 446' more or less, to the TRUE POINT OF BEGINNING, said point bears South 68°38'38" East, 442.92' from the aforesaid point;

EXCEPT any portion which may lie within property deeded to Edmund C. Ziegler and Kimberly A. Ziegler, husband and wife by document recorded April 29, 1996 under Instrument No. 1443655, described as follows:

COMMENCING at the Southwest corner of the Northeast quarter of the Southwest quarter of said Section 4 according to an unrecorded survey per P.E. No. 3451 dated May 31, 1978; thence

South 00° 00' 48" West along the West line of the Southeast quarter of the Southwest quarter a distance of 60.84 feet to the Northerly right of way of Seltice Way; thence

Along said right of way South 73° 03' 05" East a distance of 336.69 feet to a ½ inch rebar being the TRUE POINT OF BEGINNING; thence

North 00° 07' 58" East a distance of 267.88 feet; thence

North 52° 06' 21" East a distance of 364.94 feet to the Southerly right of way of U.S. Highway 90; thence

Along said right of way South 72° 42' 48" East a distance of 323.07 feet; thence

South 33° 05' 16" West a distance of 536.26 feet to the Northerly right of way of Seltice Way; thence

Along said right of way, being a 5004.58 foot radius curve to the left, an arc length of 84.31 feet, having a delta of 00° 49' 56" and which chord bears North 71° 30' 07" West a distance of 84.31 feet to P.S.C. Station 503+09.1 as shown on the Plans of Project F.I.F.G.I.53(8),

now on file in the office of the Idaho Transportation Department, thence along a spiral curve being 75.00 feet Northerly of and parallel with the "C" line of said Project F.I.F.G.I.53(8) which chord bears North 72° 43' 01" West a distance of 201.31 feet; thence

North 73° 03' 05" West a distance of 69.68 feet to the TRUE POINT OF BEGINNING.

RESOLUTION NO. 13-026

A RESOLUTION OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO APPROVING A SUBORDINATION AGREEMENT WITH UTAH COMMUNITY REINVESTMENT CORPORATION FOR THE MILL RIVER SENIORS LLC 2010 CDBG PROJECT.

WHEREAS, it is deemed by the Mayor and City Council of the City of Coeur d'Alene to be in the best interests of the City of Coeur d'Alene and the citizens thereof to approve such agreement; NOW, THEREFORE,

BE IT RESOLVED, by the Mayor and City Council of the City of Coeur d'Alene that the City approve the Subordination Agreement with Utah Community Reinvestment Corporation, in substantially the form attached hereto as Exhibit "A" and incorporated herein by reference with the provision that the Mayor, City Administrator, and City Attorney are hereby authorized to modify said agreement to the extent the substantive provisions of the agreement remain intact.

BE IT FURTHER RESOLVED, that the Mayor and City Clerk be and they are hereby authorized to execute such agreement on behalf of the City.

DATED this 16th day of April, 2013.

Sandi Bloem, Mayor

ATTEST:

Renata McLeod, City Clerk

Motion by _____, Seconded by _____, to adopt the foregoing resolution.

ROLL CALL:

COUNCIL MEMBER KENNEDY Voted _____

COUNCIL MEMBER MCEVERS Voted _____

COUNCIL MEMBER GOODLANDER Voted _____

COUNCIL MEMBER GOOKIN Voted _____

COUNCIL MEMBER ADAMS Voted _____

COUNCIL MEMBER EDINGER Voted _____

_____ was absent. Motion _____.

After Recording, please return to

Tacy A. Hartman, Esq.
c/o Van Cott, Bagley, Cornwall
& McCarthy
36 S. State Street, Suite 1900
Salt Lake City, Utah 84111

Tax Parcel I.D. Nos.: 50N04W045225
C00000046620

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is effective as of the ____ day of April, 2013, by and between CITY OF COEUR D'ALENE, an Idaho municipal corporation (the "Subordinated Lender") and UTAH COMMUNITY REINVESTMENT CORPORATION ("UCRC").

RECITALS

A. MILL RIVER SENIORS LLC, an Idaho limited liability company ("Borrower"), is the owner of certain real property located in Kootenai County, State of Idaho, which property is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein (the "Subject Property").

B. Borrower has requested that UCRC lend Borrower the sum of ONE MILLION SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$1,750,000.00) (the "Subject Property Loan") for permanent financing of the Subject Property, and the improvements thereon, such obligation to be evidenced by a certain Promissory Note (the "Note") dated as of even date herewith, and secured by, among other things, first liens covering, respectively, the Subject Property, evidenced by, among other things, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust"), and an Assignment of Leases, Rents and Contracts (the "Assignment"), each dated as of even date herewith, and executed by the Borrower in favor of UCRC. The Note, Deed of Trust, Assignment, and all other documents evidencing or securing the Subject Property Loan are hereinafter collectively referred to as the "Loan Documents."

C. Subordinated Lender is the beneficiary under that certain Deed of Trust with Assignment of Rents (the "Subordinated Lender Trust Deed") dated September --, 2010, executed by Borrower, as Mortgagor and recorded in the official records of the Recorder's Office of Kootenai County, State of Idaho (the "Kootenai County Recorder's Office"), on September 30, 2010 as Instrument No. 2284234000. The Subordinated Lender Trust Deed encumbers the Subject Property and secures indebtedness to the Subordinated Lender under two promissory notes, each dated August 17, 2010, in the aggregate principal sum of TWO HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$240,000.00) (collectively, the "Subordinated Lender

Note"). The Subordinated Lender Note, the Subordinated Lender Trust Deed and all other documents evidencing or securing the Subordinated Lender Note are hereinafter collectively referred to as the "Subordinated Lender Loan Documents."

D. In connection with the Subject Property Loan to Borrower, Borrower has agreed to procure this Agreement to be executed by the Subordinated Lender and delivered to UCRC.

E. It is a condition precedent to UCRC making the Subject Property Loan that the Subject Property Loan shall be and remain at all times prior and superior to any indebtedness owed by Borrower to Subordinated Lender, and that the Deed of Trust and the security interests and all other rights granted under the Loan Documents shall be and remain at all times a lien or charge upon the Subject Property prior and superior to the lien or charge of the Subordinated Lender Trust Deed and all other Subordinated Lender Loan Documents, in accordance with the terms of this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. That the Loan Documents securing the Note in favor of UCRC, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the Subordinated Lender Trust Deed and to any claim to such property by Subordinated Lender.

2. That Lender would not make its loan above-described or disburse funds thereafter without this Agreement.

3. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Subordinated Lender Trust Deed to the lien or charge of the Loan Documents and shall supersede and cancel, but only insofar as would affect the priority between the documents hereinbefore specifically described, any prior agreements as to such subordination.

Subordinated Lender declares, agrees, and acknowledges that:

a. UCRC may without affecting the subordination of the Subordinated Lender Loan Documents (1) release or compromise any obligation in the Loan Documents, (2) release its liens in, or surrender, release or permit any substitution or exchange of all or any part of any properties securing repayment of the Note or (3) retain or obtain a lien in any property to further secure payment of the Note.

b. It intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Subordinated Lender Trust Deed in favor of the lien or charge upon said land in the Loan Documents, and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made, and, as

part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

c. An endorsement has been placed upon the Subordinated Lender Note secured by the Subordinated Lender Trust Deed that the same have by this instrument been subordinated to the lien or charge of the Loan Documents.

4. All notices expressly provided hereunder to be given shall be in writing and shall be (i) hand-delivered, effective upon receipt, (ii) sent by United States Express Mail or by private overnight courier, effective upon receipt, or (iii) served by certified mail. Any such notice or demand served by certified mail, return receipt requested, shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address stated below or at such other address of which said party shall have theretofore notified in writing, as provided above, the party giving such notice. Service of any such notice or demand so made shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of three (3) business days after the date of mailing, whichever is the earlier in time. Notices to be served hereunder shall be addressed to the appropriate address set forth below, or at such other place as the parties may from time to time designate in writing by ten (10) days prior written notice thereof:

If to Subordinated Lender:

CITY OF COEUR D'ALENE
CDBG Program
Attn: Grant Administrator
710 E. Mullan Avenue
Coeur d'Alene, Idaho 83814-3958

If to UCRC:

UTAH COMMUNITY REINVESTMENT
CORPORATION
Attn: Steven L. Graham, President
1165 Wilmington Ave., Suite 200
Salt Lake City, Utah 84106

5. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Idaho.

6. This Agreement may be signed in multiple counterparts with the same effect as if all signatories had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SUBORDINATED LENDER: CITY OF COEUR D'ALENE

Dated: _____

By: _____

Sandi Bloem

Its: Mayor

ATTEST:

Renata McLeod, City Clerk

STATE OF IDAHO)
 : ss.
COUNTY OF _____)

On April ____, 2013, before me, a Notary Public in and for the State of Idaho, personally appeared SANDI BLOEM and RENATA McLEOD, known or identified to me to be the Mayor and City Clerk, respectively, of the City of Coeur d'Alene and the persons who executed the foregoing instrument and acknowledged to me that said City of Coeur d'Alene executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
Residing at _____
My commission expires _____

UCRC:

UTAH COMMUNITY REINVESTMENT CORPORATION, a Utah non-profit corporation

By: _____
Steven L. Graham, President

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of April, 2013, by Steven L. Graham, the President of Utah Community Reinvestment Corporation, a Utah non-profit corporation.

Notary Public Signature and Seal

ACKNOWLEDGED AND CONSENTED to as of this ____ day of April, 2013.

MILL RIVER SENIORS LLC, an Idaho limited liability company (“Borrower”)

By: MILL RIVER ASSOCIATES LLC,
an Idaho limited liability company
Its: Managing Member

By: WHITEWATER DEVELOPMENT LLC,
an Idaho limited liability company
Its: Manager

By: _____
Maryann Prescott
Its: Managing Member

STATE OF IDAHO)
 : ss.
COUNTY OF _____)

On this ____ day of April, 2013, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Maryann Prescott, known or identified to me to be a managing member of Whitewater Development LLC, an Idaho limited liability company (“Whitewater Development”), which limited liability company is the manager of Miller River Associates LLC, an Idaho limited liability company (“Miller River Associates”), which Mill River Associates is the managing member of MILL RIVER SENIORS LLC, an Idaho limited liability company (the “LLC”), or the person who executed the above instrument on behalf of said Whitewater Development, Mill River Associates and the LLC, in each of the aforesaid capacities, and acknowledged to me that such Whitewater Development and Mill River Associates executed the same in each of their managerial capacities, and on behalf of and in the name of the LLC, and that such LLC executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
Residing at _____
My commission expires _____

EXHIBIT A

(Legal Description of the Property)

PROPERTY located in Kootenai County, State of Idaho, more particularly described as follows:

A PARCEL OF LAND LOCATED IN A PORTION OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 50 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 4, FROM WHICH THE SOUTHWEST CORNER OF SAID SECTION BEARS NORTH 88°01'04" WEST, 2652.96 FEET; THENCE NORTH 00°09'01" WEST, 827.32 FEET (N00°08'45"W 827.22' DEED) TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF OLD U.S. HIGHWAY 10, SAID POINT MARKED BY A 5/8" REBAR AND CAP MARKED "PLS 4182" AND BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIBED PARCEL OF LAND;

THENCE NORTH 00°09'33" WEST, 604.72 FEET (N00°09'24"W 604.91' DEED) TO A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF U.S. INTERSTATE 90, SAID POINT BEING A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY NORTH 72°43'00" WEST, 387.19 FEET (N72°44'56"W 387.21' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE SOUTH 32°54'06" WEST, 69.60 FEET (S32°59'21"W 69.52' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE SOUTH 16°04'25" WEST, 130.82 FEET (S16°03'55"W 130.82' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE SOUTH 02°17'42" EAST, 140.00 FEET (S02°18'12"E 140.00' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE SOUTH 07°21'42" EAST, 129.05 FEET (S07°22'12"E 129.05' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE SOUTH 33°52'42" EAST, 142.84 FEET (S33°53'12"E 143.00' DEED) TO A POINT ON THE AFOREMENTIONED NORTHERLY RIGHT-OF-WAY LINE OF OLD U.S.

HIGHWAY 10, SAID POINT BEING A 5/8" REBAR AND CAP MARKED "PLS 4182" AND THE POINT OF NON-TANGENT CURVATURE;

THENCE 131.61 FEET (131.55' DEED) ALONG SAID NORTHERLY RIGHT-OF-WAY CURVE TO THE RIGHT, HAVING A RADIUS OF 5804.58 FEET, A CENTRAL ANGLE OF 01°17'57" (01°17'55" DEED) AND A CHORD BEARING SOUTH 66°54'25" EAST, 131.61 FEET (S66°54'18"E 131.55' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182" AND THE POINT OF NON-TANGENCY;

THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE SOUTH 66°32'02" EAST, 199.99 FEET (S66°32'00"E 200.00' DEED) TO A 5/8" REBAR AND CAP MARKED "PLS 4182";

THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE SOUTH 65°25'59" EAST, 43.03 FEET (S65°25'53"E 43.03' DEED) RETURNING TO THE POINT OF BEGINNING FOR THIS DESCRIBED PARCEL OF LAND;

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