



Doc ID: 015919080011 Type: LAN
Recorded: 07/12/2006 at 11:19:55 AM
Fee Amt: \$57.00 Page 1 of 11
Scott County Iowa
Rita A. Vargas Recorder

File **2006-00021732**

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When recorded, please return to: Terry Monson, 700 Walnut, Suite 1600, Des Moines, IA 50309

MORTGAGE

The Mortgage made as of the 21st day of June, 2006, between Mississippi Housing Partners, L.P., (hereinafter called "Mortgagor"), with offices at 10642 W. 115th St., Overland Park, Kansas and the City of Davenport, Iowa (hereinafter called "Mortgagee"), acting by and through the Department of Community Development, City of Davenport, Iowa.

WITNESSETH, that to secure the payment of an indebtedness in the principal amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) which shall be payable in accordance with a certain Note bearing even date herewith, a true and correct copy of which is annexed hereto and made a part hereof, and all other indebtedness which the Mortgagor is obligated to pay to the Mortgagee pursuant to the provisions of the Note and this Mortgage, Mortgagor hereby grants, conveys and mortgages to the Mortgagee:

The following described property situated in Scott County, Iowa:

Mississippi Hotel Unit in Mississippi Lofts, a Condominium, in the City of Davenport, Scott County, Iowa, as shown and as legally described in Declaration of Submission of Property to Horizontal Property Regime of Mississippi Lofts, recorded as Document No. 2006-00003341 in the Office of the Recorder of Scott County, Iowa, on January 31, 2006, including an undivided interest in and to the general common elements and facilities of the Condominium Regime. Such Horizontal Property Regime affecting the real estate described as Lots 1, 2 and 3 in Block 57, in LeClaire's Second Addition to the Town (now City) of Davenport, Scott County, Iowa.

which has the address of 106 E 3rd St, Davenport IA 52801.

This Mortgage shall be subordinate to a Mortgage and Security Agreement and Fixture Filing, dated as of June 1, 2006 Wells Fargo Bank, National Association in the principal sum of \$5,650,000 recorded as document # 2006-21728 in the office of the Scott County, Iowa Recorder.

This Mortgage shall be subordinate to a Mortgage to Scott County Housing Council in the principal sum of \$300,000.00 recorded as document # 2006-21730 in the office of the Scott County, Iowa Recorder.

This mortgage shall be subject to the terms of a Subordination Agreement executed at the same time as this Agreement ("Subordination Agreement").

TOGETHER, with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in anywise appertaining thereto; all buildings and other structures now or hereafter attached to, or used in, or in the operations of, any such land, buildings or structures which are necessary to the complete use and occupancy of such buildings or structures for the purpose for which they were or are to be erected or installed, including, but not limited to all heating, plumbing, bathroom, lighting, cooking, laundry, ventilating, refrigerating, incinerating, and air conditioning equipment and fixtures and all replacements thereof and additions thereto, whether or not the same are or shall be attached to such land, buildings or structures in any manner;

TOGETHER, with any and all awards now or hereafter made for the taking of the property mortgaged hereby, or any part thereof (including any easement), by the exercise of the power of eminent domain, including any award for change of grade of any street or other roadway, which awards are hereby assigned to the Mortgagee and are deemed a part of the property mortgaged hereby, and the Mortgagee is hereby authorized to collect and receive the proceeds of such awards, to give proper receipts and acquittances therefor, and to apply the same toward the payment of the indebtedness secured by this Mortgage, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the Mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning each such award to the Mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever; and

TOGETHER, with all right, title and interest of the Mortgagor in and to the land lying in the streets and roads in front of and adjoining the above described land (all the above described land, buildings, other structures, fixtures, articles of personal property, awards and other rights and interests being hereinafter collectively called the "mortgaged property").

TO HAVE AND TO HOLD the mortgaged property and every part thereof unto the Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

AND the Mortgagor further covenants and agrees with the Mortgagee, as follows:

1. The Mortgagor will promptly pay the principal of and interest on the indebtedness evidenced by the Note, and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note and in this Mortgage.

2. The Mortgagor will pay when due, as hereinafter provided, all ground rents, if any, and all taxes, assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now or hereafter imposed on the mortgaged property, or any part thereof, and will pay when due every amount of indebtedness secured by any lien to which the lien of this Mortgage is expressly subject.

3. This Mortgage and the Note were executed and delivered to secure moneys advanced, or to be advanced, by the Mortgagee as or on account of a loan evidenced by the Note, for the purpose of making the improvements described or referred to in the Contract between Mississippi Housing Partners, L.P. and the City of Davenport dated as of June 21, 2006, or on the mortgaged property, and for such other purpose, if any, described or referred to therein, which improvements are hereafter collectively called "Improvements." The Mortgagor shall make or cause to be made all the Improvements. If the construction or installation of the Improvements shall not be carried out with reasonable diligence, or shall be discontinued at any time for any reason, other than strikes, lockouts, acts of God, fires, floods or other similar catastrophes, riots, war or insurrection, the Mortgagee after due notice to the Mortgagor is hereby authorized (a) to enter upon the mortgaged property and employ any watchmen to protect the Improvements from depredation or injury and to preserve and protect such property, (b) to carry out any or all then existing contracts between the Mortgagor and other parties for the purpose of making any of the Improvements, (c) to make and enter into additional contracts and incur obligations for the purposes of completing the Improvements pursuant to the obligations of the Mortgagor hereunder, either in the name of the Mortgagee or the Mortgagor, and (d) to pay and discharge all debts, obligations and liabilities incurred by reason of any action taken by the Mortgagee, as provided in this Paragraph, all of which amounts so paid by the Mortgagee, with interest thereon from the date of each such payment, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage.

4. No building or other structure or improvement, fixture or personal property mortgaged hereby shall be removed or demolished without the prior written consent of the Mortgagee, except for the purpose of making or permitting leasehold improvements on the interior of the mortgaged property. The Mortgagor will not make, permit or suffer any alteration of or addition to any building or other structure or improvement now or which may hereafter be erected or installed upon the mortgaged property, or any part thereof, except the improvements required to be made pursuant to Paragraph 3 or this Paragraph 4 hereof, nor will the Mortgagor use, or permit or suffer the use of, any of the mortgaged property for any purpose other than the purpose or purposes for which the same is now intended to be used, without the prior written consent of the Mortgagee. The Mortgagor will maintain the mortgaged property in good condition and state of repair and will not suffer or permit any waste to any part thereof, and will promptly comply with all

the requirements of Federal, state and local governments, or of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

5. The Mortgagor will not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth in the granting clause above and pursuant to the terms of the Subordination Agreement, and will keep and maintain the same free from the claims of all parties supplying labor or materials which will enter into the construction or installation of the Improvements.

6. (a) The Mortgagor will keep all buildings, other structures and improvements, including equipment, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, in such amounts and manner, and for such periods, all as may be required from time to time to fully insure and protect the interests of the Mortgagee in the mortgaged property. Unless otherwise approved by the Mortgagee, all such insurance shall be effected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the property to be covered. All such insurance shall be carried in companies approved by the Mortgagee and all policies therefor shall be in such form and shall have attached thereto loss payable clauses in favor of Mortgagee, provided such loss payable clauses shall not conflict with the terms of the mortgages and related documents to which this Mortgage is expressly subject and the Subordination Agreement. All such policies and attachments thereto shall, be delivered promptly to the Mortgagee, unless they are required to be delivered to the holder of lien of a mortgage or similar instrument to which this Mortgage is expressly subject, in which latter event certificates thereof, satisfactory to the Mortgagee, shall be delivered promptly to the Mortgagee. The Mortgagor will pay promptly, when due, any and all premiums on such insurance, and if requested shall promptly submit to the Mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee may obtain and pay the premium on (but shall be under no obligation to do so) every kind of insurance required hereby if the amount of such premium has not been paid as required by this Mortgage, in which event the Mortgagor will pay to the Mortgagee every premium so paid by the Mortgagee.

(b) Except as limited by the terms of the Subordination Agreement, in the event of loss or damage to the mortgaged property in the amount of \$5,000.00 or more, the Mortgagor will give to the Mortgagee immediate notice thereof by mail, and the Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor.

(c) Except as limited by the terms of the Subordination Agreement and terms of the mortgages and related documents to which this Mortgage is expressly subject, all sums paid under any insurance policy required by this Mortgage shall be paid to Mortgagee, which shall, at the direction of the Mortgagor, apply the same (after first deducting

therefrom Mortgagee's expenses incurred in collecting the same including but not limited to reasonable attorney's fees, "Net Proceeds") to pay for or to reimburse Mortgagor for costs and expenses actually incurred by Mortgagor in the repair and restoration of the Mortgaged Property or to be released to Mortgagor, provided each of the following conditions is fully satisfied:

- i. if restoration is contemplated, any plans, specifications, construction contracts, architect's agreements and all other material agreements relating to the restoration shall be approved by the Mortgagor in writing;
- ii. if restoration is contemplated, the Net Proceeds, as the case may be, are in the judgment of the Mortgagor sufficient to complete the restoration, or, in the event of an insufficiency, Mortgagor pays to the Mortgagee, for deposit into the appropriate account reserved for reconstruction, cash in an amount equal to the insufficiency;
- iii. no Event of Default under this Mortgage shall have occurred and be continuing;
- iv. if restoration is contemplated, the Mortgagor determines, in its sole discretion, that the Mortgaged Property is capable of being fully restored by the earlier of (a) the date which is 12 months from the occurrence of the loss or damage and (ii) the due date of this Mortgage;
- v. if restoration is contemplated, a release of lien with respect to all restoration work theretofore performed is delivered to the Mortgagee from all contractors and materialmen; and,
- vi. the Mortgagee shall receive an official search or a certificate of title from a title insurance company acceptable to it showing that there has not been filed any vendor's, mechanic's, laborer's or materialman's statutory or other lien affecting the Mortgaged Property which has not been satisfied and discharged of record, except such as will be discharged upon payment of the amount then requested to be disbursed; and

if not thus applied to restoration, or to the extent not fully expended on restoration, then to reduction of the Obligations. Any application of insurance proceeds to principal of the Obligations shall not extend or postpone the due date of the installments payable under the Obligations or change the amount of such installments.

(d) In the event of foreclosure of this Mortgage, or of any transfer of title to the mortgaged property in extinguishment of such indebtedness, all right, title and interest of the Mortgagor in and to every such insurance policy then in force, subject to the rights and interest of the holder of any such prior lien, shall pass to the grantee acquiring title to the mortgaged property together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.

7. The Improvements and all plans and specifications therefore shall comply with all applicable municipal ordinances, regulations, and rules made or promulgated by lawful authority, and upon their completion shall comply therewith, except to the extent waived or modified by such lawful authority with respect to the Improvements.

8. The Mortgagee, by any of its agents or representatives, shall have the right to inspect the mortgaged property from time to time at any reasonable hour of the day.

9. The principal amount owing on the Note and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the Mortgagee pursuant to and secured or intended to be secured by this Mortgage, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property of the Mortgagor, or upon the filing of a petition by or against the Mortgagor under the provisions of any State insolvency law, or under the provisions of the Bankruptcy Act of 1978 or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events:

(a) Failure to pay, after ten (10) days written notice, the amount of any installment of principal, or other charges payable on the Note, which shall have become due, prior to the due date of the next such installment;

(b) Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note (except as otherwise provided in subdivision (a) hereof) or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness and the failure to correct or cure the same within thirty (30) days after written notice thereof;

(c) Failure of the Mortgagor to perform any covenant, agreement, term or condition in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage;

(d) The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagee to disclose any material fact, or of the making therein or in any of the agreements entered into by the Mortgagor with the Mortgagee (including, but not limited to, the Note and this Mortgage) of any material misrepresentation by, on behalf of, or for the benefit of, the Mortgagor;

(e) The sale, or other transfer of any kind or nature of the mortgaged property, or any part thereof, without the prior written consent of the Mortgagee.

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. All the events in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be, immediately due and payable, are in this Mortgage called "events of default".

10. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage, to such extent as the

Mortgagee may exclusively determine, and each amount paid (if any) by the Mortgagee to cure any such default shall be paid by the mortgagor to the Mortgagee; and the Mortgagee shall become subrogated to whatever rights the holder of the prior lien might have under such instrument.

11. (a) After the happening of any default hereunder, the Mortgagor shall upon demand of the Mortgagee surrender possession of the mortgaged property to the Mortgagee, and the Mortgagee may enter such property, and let the same and collect all the rents therefrom which are due or to become due, and apply the same, after payment of all charges and expenses, on account of the indebtedness hereby secured, and all such rents and all leases existing at the time of such default are hereby assigned to the Mortgagee as further security for the payment of the indebtedness secured hereby; and the Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to the Mortgagee.

(b) In the event that the Mortgagor occupies the mortgaged property or any part thereof, the Mortgagor agrees to surrender possession of such property to the Mortgagee immediately after any such default hereunder, and if the Mortgagor remains in possession after such default, such possession shall be as a tenant of the Mortgagee, and the Mortgagor shall pay in advance, upon demand by the Mortgagee, as a reasonable monthly rental for the premises occupied by the Mortgagor, an amount at least equivalent to one-twelfth of the aggregate of the twelve monthly installments payable in the current calendar year, plus the actual amount of the annual ground rent, if any, taxes, assessments, water rates, other governmental charges and insurance premiums payable in connection with the mortgaged property during such year, and upon the failure of the Mortgagor to pay such monthly rental, the Mortgagor may also be dispossessed by the usual summary proceedings applicable to tenants. This covenant shall become effective immediately upon the happening of any such default, as determined in the sole discretion of the Mortgagee, who shall give notice of such determination to the Mortgagor; and in the case of foreclosure and the appointment of a receiver of the rents, the within covenant shall insure to the benefit of such receiver.

12. The Mortgagee in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice as matter of right and without regard to the value of the mortgaged property, or the solvency or insolvency of the Mortgagor or other party liable for the payment of the Note and other indebtedness secured by this Mortgage.

13. The Mortgagor, within ten (10) days upon request in person or within twenty (20) days upon request by mail, will furnish promptly a written statement in form satisfactory to the Mortgagee, signed by the Mortgagor and duly acknowledged, of the amount then owing on the Note and other indebtedness secured by this Mortgage, and whether any offsets or defenses exist against such indebtedness or any part thereof.

14. The Mortgagor will give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the mortgaged property, or of any conveyance, transfer or change in ownership of such property, or any part thereof.

15. Notice and demand or request may be made in writing and may be served in person or by mail.

16. In case of a foreclosure sale of the mortgaged property it may be sold in one parcel.

17. The Mortgagor is lawfully seized of the mortgaged property and has good rights, full power and lawful authority to sell and convey the same in the manner above provided, and will warrant and defend the same to the Mortgagee forever against the *lawful claims and demands of any and all parties whatsoever.*

18. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and, to the extent permitted by law, every subsequent owner of the mortgaged property; and shall be binding upon and inure to the benefit of the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation or other party who may from time to time be the holder of this Mortgage. Wherever used herein the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

IN WITNESS WHEREOF, this Mortgage has been duly signed and sealed by the Mortgagor.

**OWNER
MISSISSIPPI HOUSING PARTNERS, L.P.**

By: **MISSISSIPPI HOUSING DEVELOPMENT, L.L.C.**
Its General Partner

By: _____
Jay Trevor, Manager

STATE OF IOWA, POLK COUNTY) SS:

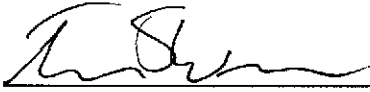
This instrument was acknowledged before me on June 22, 2006 by Jay Trevor as Manager of Mississippi Housing Development, LLC, the general partner of Mississippi Housing Partners, L. P., on behalf of Mississippi Housing Partners, L. P.

Danette L. Ragdale
Signature of Notarial Officer

Seal



APPROVED AS TO FORM:



City Legal Representative

EXHIBIT A
LEGAL DESCRIPTION

Mississippi Hotel Unit in Mississippi Lofts, a Condominium, in the City of Davenport, Scott County, Iowa, as shown and as legally described in Declaration of Submission of Property to Horizontal Property Regime of Mississippi Lofts, recorded as Document No. 2006-00003341 in the Office of the Recorder of Scott County, Iowa, on January 31, 2006, including an undivided interest in and to the general common elements and facilities of the Condominium Regime. Such Horizontal Property Regime affecting the real estate described as Lots 1, 2 and 3 in Block 57, in LeClaire's Second Addition to the Town (now City) of Davenport, Scott County, Iowa.

which has the address of 106 E 3rd St, Davenport IA 52801.