

INST. NO. 886
 MONTGOMERY COUNTY, IOWA
 FILED FOR RECORD
 DATE 10-30-95
 TIME 9:50 A.M. P.M.
 PATRICIA ENGLAND, Recorder
 Book 203 Page 533
 \$41.00 Fee

AGREEMENT FOR COVENANTS AND RESTRICTIONS

THIS AGREEMENT FOR COVENANTS AND RESTRICTIONS, dated as of the date of the below-described Loan Agreement, is between the Iowa Finance Authority, a public instrumentality and agency of the State of Iowa (the "Authority"), and C & H - Red Oak Partners, L.P. (hereinafter the "Borrower").

WITNESSETH:

WHEREAS, the Authority is a public instrumentality and agency of the State of Iowa authorized and empowered by the provisions of Chapter 220 of the Code of Iowa, 1989, as amended (the "Act") to assist in the development and maintenance of decent, safe, and affordable housing; and

WHEREAS, the Housing Assistance Fund Program (the "Program") has been created by the Authority to provide a flexible program of financial assistance for housing projects, in accordance with rules promulgated by the Authority as set forth in Chapter 15 of the Iowa Administrative Code (the "Rules"); and

WHEREAS, the Borrower has applied for and received approval for funding from the Program, and has entered into a Loan Agreement dated July 15, 1995, by and between the Borrower and the Authority (the "Loan Agreement"); and

WHEREAS, pursuant to the Loan Agreement, the Authority will make a Loan in the amount of \$75,000 (the "Loan") to the Borrower for the purpose of financing a portion of the costs of the Project described in Exhibits A and D to the Loan Agreement (the "Project") to be located on the real estate described in Exhibit A hereto; and

WHEREAS, the Project will be economically feasible for the Borrower because of the Loan funds received through the Program; and

WHEREAS, in accordance with the Loan Agreement and the Rules, the Borrower is required to provide certain Housing Benefits for Low-and Moderate-Income Families as set forth in Exhibit A to the Loan Agreement, and is further required to comply throughout the term of the Loan Agreement with the requirements and covenants set forth in the Loan Agreement; and

WHEREAS, as a condition to receipt of Loan proceeds, and in order to help ensure compliance by the Borrower and any future owner of the Project with the requirements and covenants set forth in the Loan Agreement throughout the required period of time, so as to maintain the housing benefits for which assistance has been provided through the Program and therefore protect the investment of the Authority and the Program in the Project, and in order to give the Authority the ability to fulfill its obligations under the Rules and the Program to ensure such compliance, certain covenants and restrictions enforceable by the Authority must be placed on the real estate described in Exhibit A hereto governing the use of the Project, which covenants and restrictions shall run with the land and be binding on the Borrower and its successors or assigns.

NOW, THEREFORE, in consideration of the premises and for other valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Borrower, for itself and for its successors or assigns, makes the following covenants as to the use of the Project:

(a) The Project shall constitute an eligible project in compliance with the Rules and as described in Exhibit A to the Loan Agreement, and the Borrower shall comply with all of the requirements of the Rules and the Loan Agreement and shall own, operate and manage the Project as set forth as an eligible project for at least seven(7) years from the date hereof (the "Qualified Project Period").

(b) All of the proceeds of the Loan shall be spent on Qualified Costs of the Project (as defined in the Loan Agreement), in accordance with the Project Budget attached as Exhibit D to the Loan Agreement.

(c) The Project shall be completed so as to provide the Housing Benefits to Low- and Moderate-Income Families specified in Exhibit A to the Loan Agreement;

(d) Throughout at least the Qualified Project Period, the Borrower will ensure that at least one hundred percent (100%) of families benefiting from the Project are low and moderate income families, within the meaning of the Rules.

(e) In order to ensure compliance with the covenant in subparagraph (d) above, Borrower shall submit to the Authority on or before February 1 of each year during the Qualified Project Period, its certification of compliance with such covenant, together with documentation in form and substance satisfactory to the Authority evidencing compliance with such covenant.

(f) If the Project includes more than one building, all such buildings shall be located on the real estate described in Exhibit A, and if such real estate is comprised of more than one parcel, such parcels are contiguous except for the interposition of a road, street, stream or similar property. All such buildings shall be owned for federal tax purposes by the same person, and shall be financed pursuant to a common plan.

(g) Borrower shall comply with all of the covenants set forth in Sections 3.02 and 3.03 of the Loan Agreement.

2. All of the covenants herein shall run with the real estate described in Exhibit A hereto and the Project thereon, and be binding upon the Borrower and its successors or assigns, for the Qualified Project Period. Notwithstanding any other provisions of this Agreement, this entire Agreement, or any of the provisions or paragraphs hereof, may be terminated upon written agreement by the Authority and the Borrower.

3. Notwithstanding the provisions of paragraph 2 above, such covenants shall cease to apply to the real estate described in Exhibit A and the Project thereon prior to the end of the Qualified Project Period, in the event of involuntary noncompliance therewith caused by a fire, seizure,

requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or action of a federal agency after the date of making of the Loan which prevents the Authority or its successors or assigns from enforcing the covenants, or condemnation or similar event, but only if, within a reasonable period, amounts received as a consequence of such event are used to provide a project which meets the requirements of the Rules and the Program.

4. Notwithstanding the provisions of paragraph 3 above, if once the Project has been subject to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, and at any time during the part of the Qualified Project Period subsequent to such event, the Borrower or a related person to the Borrower obtains an ownership interest in the Project for tax purposes, the covenants herein shall once again run with the real estate described in Exhibit A and the Project thereon and be binding on the Borrower or such related person and their respective successors or assigns for the remainder of the Qualified Project Period.

5. This Agreement may be amended only by an amendment in writing executed by the parties hereto.

6. Except for the rental of units in the Project to tenants, the Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any interest therein without obtaining the prior written consent of the Authority, which shall be conditioned solely upon receipt of evidence satisfactory to the Authority that the Borrower's purchaser or transferee (i) has assumed in writing and in full the Borrower's duties and obligations under this Agreement and the Loan Agreement; (ii) has the financial capability to carry out such obligations; and (iii) is knowledgeable in the operation and management of facilities similar to the Project facilities. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section may be ineffective to relieve the Borrower of its obligations under this Agreement and the Loan Agreement.

7. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Agreement, and if such default remains uncured for a period of thirty (30) days after notice thereof shall have been given by the Authority to the Borrower (or for a period of sixty (60) days after such notice if such default is curable but requires acts to be done or conditions to be remedied which, by their nature, cannot be done or remedied within such 3-day period, and if the Borrower commences same within such 30-day period and thereafter diligently and continuously prosecutes the same to completion within such 60-day period), then the Authority may declare that the Borrower is in default hereunder and may take any one or more of the following steps, at its option:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder, or obtain damages caused to the Authority by any such default;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(c) declare a default under the Loan Agreement and make no further disbursements of Loan proceeds, and demand immediate repayment from Borrower of Loan proceeds previously disbursed to Borrower; and

(d) take whatever other action at law or in equity may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower here-under and under the Loan Agreement, including the recovery of Loan proceeds.

No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of the Authority to enforce the same or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

8. The Borrower shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in such manner and in such places as the Authority may reasonably request, and shall pay all fees and charges incurred in connection therewith.

9. This Agreement shall be governed by the laws of the State of Iowa.

10. Any notice required to be given hereunder shall be given by registered or certified mail at the addresses specified below or at such other addresses as may be specified in writing by the parties hereto:

Authority: Iowa Finance Authority
100 East Grand Avenue
Suite 250
Des Moines, IA 50309
Attn: Housing Assistance Fund Program

Borrower: C & H - Red Oak Partners, L.P.
2045 Grand Ave., Suite A
West Des Moines, IA 50265

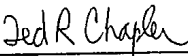
11. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

12. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

13. All of the rights and obligations set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement for Covenants and Restrictions to be executed and sealed by their duly authorized officers, all as of the date first above written.

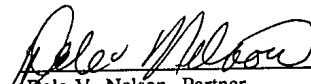
IOWA FINANCE AUTHORITY



Ted R. Chapler, Executive Director



C & H - Red Oak Partners, L.P.



Dale V. Nelson, Partner

(Seal)

AUTHORITY ACKNOWLEDGEMENT

STATE OF IOWA)
)SS
COUNTY OF POLK)

On this 16th day of October, 1975, before me, the undersigned Notary Public in and for the State of Iowa, personally appeared Ted R. Chapler, to me personally known, who being by me duly sworn, did say that he is the Executive Director of the Iowa Finance Authority, the public instrumentality and agency of the State of Iowa executing the within and foregoing instrument; that the seal affixed thereto is the seal of said agency; that said instrument was signed and sealed on behalf of said agency by the authority of the board members of such agency; and that said Ted R. Chapler, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said agency by it and by him voluntary executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Marilyn J. Inman
Notary Public in and for the State of Iowa 09/26/97



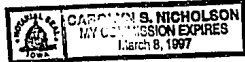
BORROWER ACKNOWLEDGEMENT

(PARTNERSHIP)

STATE OF IOWA)
)SS
COUNTY OF POLK)

On this 16th day of October, 1975, before me, the undersigned Notary Public in and for the State of Iowa, personally appeared Dale V. Nelson to me personally known, who being by me duly sworn, did say that (he/she/they) (are/is) (a partner) (partners) of the partnership executing the within and foregoing instrument, and acknowledged that (he/she/they) executed the same as the voluntary act and deed of said partner(s) by (him/her/them) and by said partnership voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Carolyn S. Nicholson
Notary Public in and for State of Iowa

(SEAL)

EXHIBIT A**LEGAL DESCRIPTION**

Lot 1, Senate Subdivision, an Official Plat, now included in and forming a part of Red Oak, Montgomery County, Iowa, except that part lying westerly and adjacent to Lot 3.

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Filed for record on Oct 30, 1995 AD at 9:50 AM o'clock Pat England, Recorder