

APN: 1420-07-701-002  
WHEN RECORDED, RETURN TO:

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



### DEED RESTRICTION

THIS DEED RESTRICTION (the "Deed Restriction") is made and agreed to this 25 day of September, 2008 (the "Closing Date"), by Douglas Pacific Associates, a Nevada Limited Partnership ("Borrower").

#### PRELIMINARY STATEMENT

Borrower has requested that Lewiston State Bank, a Utah corporation ("Lender") make a loan to Borrower in the amount of Nine Hundred Thousand Dollars (\$900,000.00) (the "Loan") for a 28-unit low income housing multi-family housing development known as the Summit Crest Apartments, located in Douglas County, State of Nevada, on a site more particularly described in Exhibit A and by this reference made a part hereof (the "Land"). (The Land and all improvements existing or to be constructed thereon are hereafter referred to as the "Mortgaged Property"). The Loan will be evidenced by a Multifamily Note dated the Closing Date, executed by Borrower and payable to Lender (the "Note") and will be secured by, among other things, a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated the Closing Date (the "Security Instrument"), to be recorded in the land records of Douglas County, State of Nevada.

Lender is agreeable to making the Loan to Borrower if the Loan is the subject of a ninety percent (90%) guarantee from the United States Secretary of Agriculture, acting through the United States Department of Agriculture, Rural Housing Service ("RHS") under Section 538 of the Housing Act of 1949, 12 U.S.C., Section 1490p-2 (the "RHS Guarantee"). As a condition precedent to providing the RHS Guarantee, RHS requires that Borrower execute this Deed Restriction.

NOW, THEREFORE, in consideration of Lender making the Loan to Borrower, and of the mutual undertakings set forth below, Borrower agrees as follows:

1. **Definitions.** All capitalized terms that are used in this Deed Restriction but not defined in this Deed Restriction shall have the meanings assigned to them by the Security Instrument.

2. **Covenants of Borrower.** Borrower, for itself and its successors in interest, agrees that until October 1, 2038, the Mortgaged Property can only be utilized as rental housing (not home ownership) and can only be leased to low or moderate income families or persons, whose incomes at the time of initial occupancy do not exceed 115 percent of the median income of the area ("Eligible Tenant"), as determined by the United States Department of Agriculture in accordance with 42 U.S.C 1490p-2. No Eligible Tenants occupying the housing will be required to vacate nor any Eligible Tenant denied occupancy in violation of this provision unless such Eligible Tenant does not satisfy more stringent rent and/or income restrictions pertaining to the Mortgaged Property under any other state or federal affordable housing program. This restriction is enforceable by Eligible Tenants or the United States Department of Agriculture. For further questions contact the United States Department of Agriculture, Rural Housing Service at Director of Multi-Family Processing Division, 1400 Independence Avenue, SW, STOP 0781, Washington, DC 20250.

This Deed Restriction will apply to the Mortgaged Property until October 1, 2038, unless the Mortgaged Property is acquired by foreclosure or an instrument in lieu of foreclosure, or the United States Department of Agriculture waives the applicability of this Deed Restriction after determining that each of the following three circumstances exist.

- (a) There is no longer a need for low-and moderate-income housing in the market area in which the housing is located;
- (b) Housing opportunities for low-income households and minorities will not be reduced as a result of the waiver; and
- (c) Additional federal assistance will not be necessary as a result of the waiver.

3. **Covenants to Run With the Land.** Borrower hereby subjects the Mortgaged Property to this Deed Restriction. Borrower hereby declares its express intent that this Deed Restriction shall be deemed a covenant running with the land and shall pass to and be binding upon Borrower's successors in title to the Mortgaged Property, until the Deed Restriction's termination under Section 2 hereof. Every contract, deed or other instrument hereafter executed covering or conveying the Mortgaged Property or any portion of the Mortgaged Property shall be deemed to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in that contract, deed or other instrument.

4. **Governing Law.** This Deed Restriction shall be governed by and construed in accordance with the laws of the state in which the Mortgaged Property is located and the United States of America, as applicable.

5. **Statutes and Regulations.** Any reference in this Deed Restriction to a statute or regulation shall include all amendments to and successors to such statute or regulation, whether adopted before or after the date of this Deed Restriction.

6. **Counterparts.** This Deed Restriction may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute



only one agreement. The production of any executed counterpart of this Deed Restriction shall be sufficient for all purposes without producing or accounting for any other counterpart.

*[Remainder of page  
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DRAFT




DATED: September 21<sup>st</sup>, 2008.

BORROWER

**DOUGLAS PACIFIC ASSOCIATES,  
A NEVADA LIMITED PARTNERSHIP**

By: Rural Nevada Development Corporation,  
a Nevada non-profit corporation  
Its: General Partner

By:   
\_\_\_\_\_  
Ferrel D. Hansen  
CEO

By: Roope, L.L.C.,  
an Idaho limited liability company  
Its: General Partner

By: \_\_\_\_\_  
Caleb Roope  
Managing Member



DATED: September 26, 2008.

BORROWER

**DOUGLAS PACIFIC ASSOCIATES,  
A NEVADA LIMITED PARTNERSHIP**

By: Rural Nevada Development Corporation,  
a Nevada non-profit corporation

Its: General Partner

By: \_\_\_\_\_

Ferrel D. Hansen  
CEO

By: Roope, L.L.C.,  
an Idaho limited liability company

Its: General Partner

By: \_\_\_\_\_

  
Caleb Roope  
Managing Member



DATED: September 25, 2008.

LENDER

**LEWISTON STATE BANK,**  
a Utah corporation

By: Bonneville Mortgage Company, attorney-in-fact

By:   
Craig Hackett  
Vice President

COPY



BK-908  
PG-6426

STATE OF NEVADA

COUNTY OF White Pine

This instrument was acknowledged before me on September 26<sup>th</sup>, 2008 by Ferrel D. Hansen, CEO of Rural Nevada Development Corporation, a Nevada non-profit corporation, as General Partner of Douglas Pacific Associates, a Nevada limited partnership.

Mary Kerner  
Notary Public

Printed Name: MARY KERNER

My Commission Expires:

11-10-09

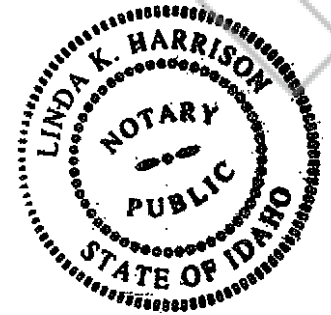


STATE OF IDAHO )  
 : ss.  
COUNTY OF ADA )

On this 26 day of September, 2008, before me Linda K. Harrison, a Notary Public, personally appeared Caleb Roope, Managing Member of Roope, L.L.C., an Idaho limited liability company, as General Partner of Douglas Pacific Associates, a Nevada limited partnership, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Linda K. Harrison  
Notary Public  
My Commission Exp. 9/24/09





STATE OF UTAH

)

: ss.

COUNTY OF SALT LAKE

)

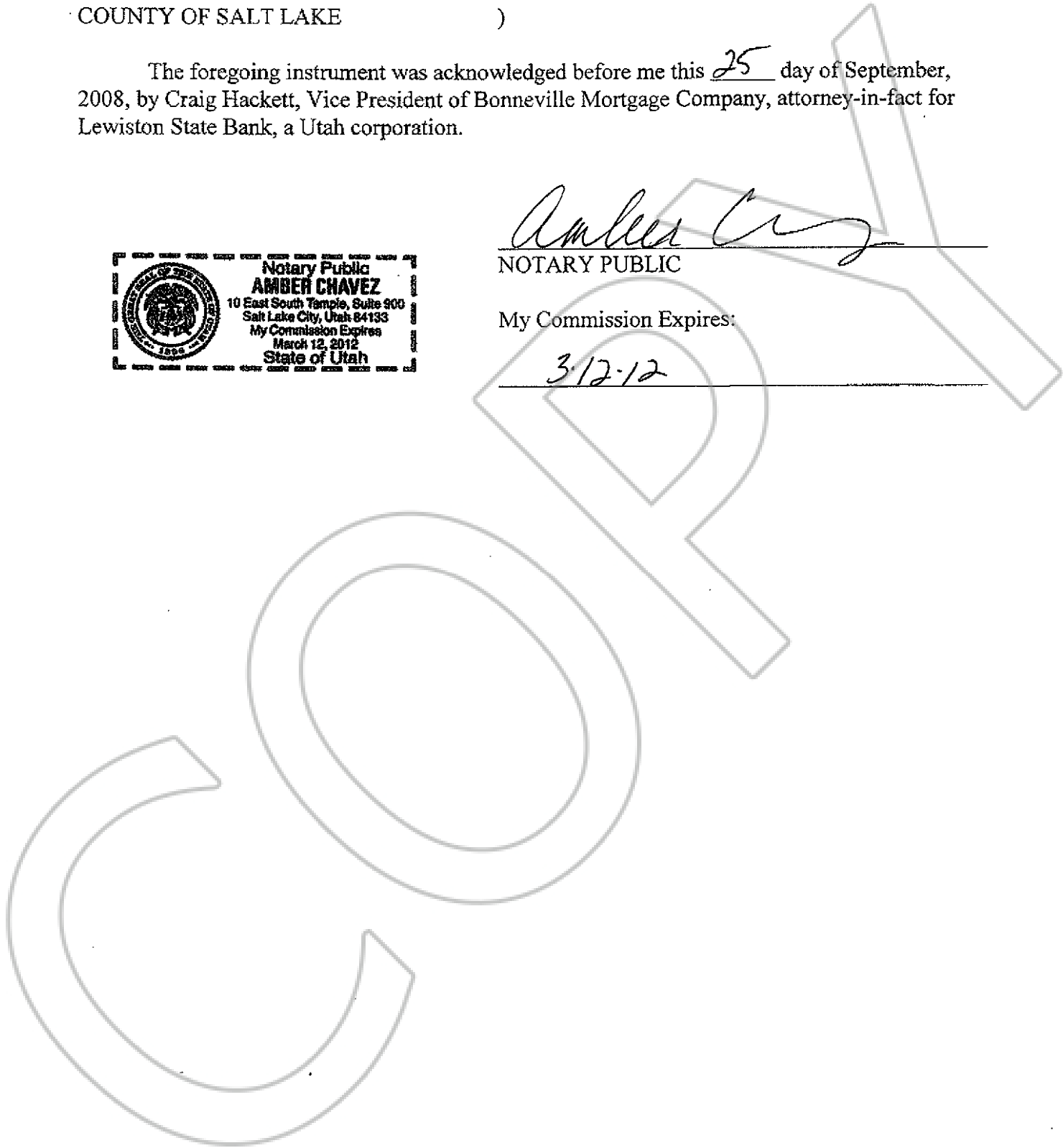
The foregoing instrument was acknowledged before me this 25 day of September, 2008, by Craig Hackett, Vice President of Bonneville Mortgage Company, attorney-in-fact for Lewiston State Bank, a Utah corporation.

Amber Chavez  
NOTARY PUBLIC



My Commission Expires:

3-12-12



BK-908  
PG-6429

## EXHIBIT A

### REAL PROPERTY DESCRIPTION

The land referred to herein below is situated in the City of Indian Hills, County of Douglas, State of Nevada and is described as follows:

All that certain real property situated in the County of Douglas, State of Nevada, described as follows:

A portion of the Northwest 1/4 of the Southeast 1/4 of Section 7, Township 14 North, Range 20 East, M.D.B. & M., Douglas County, Nevada, being further described as follows:

Commencing at the intersection of the centerline of Quartz Drive and the Westerly right-of-way line of U.S. Highway 395, as shown on the Map of Vista Grande Subdivision, Unit No. 1, as filed in the Office of the County Recorder of Douglas County, Nevada, on November 9, 1964, as File No. 26518. Thence North  $1^{\circ}05'54''$  East, 30.01 feet; thence South  $89^{\circ}38'07''$  West, 382.79 feet to the TRUE POINT OF BEGINNING; thence South  $89^{\circ}38'07''$  West, 440.36 feet, to the beginning of a curve; thence on a curve to the right through a delta angle of  $90^{\circ}30'33''$ , whose radius is 20 feet and having an arc length of 31.59 feet to the end of the curve; thence North  $0^{\circ}08'40''$  East, 149.82 feet; thence North  $89^{\circ}38'07''$  East 480.00 feet; thence South  $0^{\circ}08'40''$  West, 150.18 feet to the beginning of a curve; thence on a curve to the right through a delta angle of  $89^{\circ}29'27''$ , whose radius is 20 feet and having an arc length of 31.24 feet to the end of the curve and the TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM: All that real property situate in the Northwest Quarter of the Southeast Quarter of Section 7, Township 14 North, Range 20 East, M.D.B. & M., Douglas County, Nevada, described as follows:

Beginning at the Southwest corner of Lot 2, Block B, as said Lot is shown on the plat of Highland Estates Unit 4, recorded on May 2, 1978, file No. 20214; thence North  $89^{\circ}38'07''$  East, 480.00 feet along the South line of said Lot 2; thence South  $00^{\circ}08'40''$  West, 20.00 feet; thence South  $89^{\circ}38'07''$  West, 480.00 feet; thence North  $00^{\circ}08'40''$  East, 20.00 feet to the POINT OF BEGINNING.

Assessor Parcel No.: 1420-07-701-002

"In compliance with Nevada Revised Statute 111.312, the herein above legal description was taken from Instrument recorded May 11, 1999 in Book 599, Page 2042, as File No. 467769, recorded in the Official Records of Douglas County, State of Nevada".

