Special Joint Information Meeting

TOWN COUNCIL & COUNTY COMMISSIONER MEETING

October 24, 2019
3:30 PM
Teton County Chambers
Chair: Natalia Macker

NOTICE: THE VIDEO AND AUDIO FOR THIS MEETING ARE STREAMED TO THE PUBLIC VIA THE INTERNET AND MOBILE DEVICES WITH VIEWS THAT ENCOMPASS ALL AREAS, PARTICIPANTS AND AUDIENCE MEMBERS. PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

I. CALL TO ORDER AND ROLL CALL

II. DISCUSSION/ACTION ITEMS

A. Melody Ranch Townhomes Roof Replacement (April Norton)

III. ADJOURN

Please note that at any point during the meeting, the Chairman or Mayor may change the order of items listed on this agenda. In order to ensure that you are present at the time your item of interest is discussed, please join the meeting at the beginning to hear any changes to the schedule or agenda.

BOARD OF COUNTY COMMISSIONERS

TOWN COUNCIL

JOINT INFORMATION MEETING

AGENDA DOCUMENTATION

PREPARATION DATE: October 22, 2019
MEETING DATE: October 24, 2019

SUBMITTING DEPARTMENT: Affordable Housing
DEPARTMENT DIRECTOR: April Norton
PRESENTER: April Norton

SUBJECT: Melody Ranch Townhomes Roof Replacement

STATEMENT/PURPOSE

The Town Council ("Council") and Board of County Commissioners ("Board") will consider legal documents and terms for loans to owners of permanently deed restricted units in the Melody Ranch Townhome Subdivision who are fixing their roofs. The Council and Board will also consider what public funds will be used for the loans and for the potential permanent deed restriction purchases on the homes that are not currently permanently deed restricted.

Specifically, staff seeks direction on the following key issues:

1. Will permanently deed restricted owners who borrow money for the roof repair be allowed to defer payment? If so, for how long?
2. A third party will administer the loan for the Housing Authority. Should the Housing Authority pay the administration fee or should the HOA be responsible for it?
3. How do the two boards want to pay for the loans to the permanently deed restricted owners?
4. How do the two boards want to pay for the purchase of Affordable Ownership and Workforce Ownership restrictions on the non-permanently deed restricted units?
5. How do the two boards want to prioritize the expenditure of funds? Do the two boards want to provide a maximum amount of funds available for the project?

BACKGROUND

A comprehensive background is provided in the staff reports for the June 3, 2019 and October 7, 2019 Joint Information Meetings; those staff reports are provided as an attachment to this staff report.

On October 7, 2019, the Board and Council directed the Jackson/Teton Housing Authority ("JTCHA") to provide a construction loan to the owners of permanently Affordable units in the Melody Ranch Townhomes Subdivision up to a maximum amount of $160,000; to record a Workforce Ownership restriction on the units once the roof has been fixed; and to require full repayment for the loans. The Board and Council also directed the JTCHA to offer to purchase a permanent deed restriction on any home that is not permanently deed restricted, spending no more than $100,000 on a Workforce Ownership restriction and no more than $160,000 for an Affordable Ownership restriction. Since the October 7 meeting, staff has met with representatives from First Interstate Bank to better understand the loan options and possible administration of the loan.

ALTERNATIVES & RECOMMENDATION

Key Issue One: Repayment Terms for Permanently Affordable Owners

At the October 7 JIM the Board and Council agreed to loan the owners of the eight permanently deed restricted units up to $160,000 to fix the roofs. The Board and Council requested two options for repayment: 1) a short-term option that would require repayment of the loan once the roofs are fixed and would include stripping the Affordable Ownership restriction and replacing it with a Workforce Ownership restriction with a maximum sales price set at $160,000 higher than the existing Affordable maximum sales price, and 2) a longer-term option that would allow owners to defer payment for a set number of years and would preserve the Affordable Ownership restriction in perpetuity.

Today staff provides two promissory note options for the Council and Board's consideration based on Council and Board's discussion at the October 7 JIM.

Both options limit the release of any public funds for the project until the HOA has provided sufficient documentation ensuring the project will be completed within a specific timeframe, the contractors are bonded, and lien waivers are provided by all contractors to preclude the placement of a lien on the property that could take priority of the note. To be eligible for the loan, households may not earn more than 200% of Median Family Income.

- Option 1: This "short-term" note requires the borrower to repay the loan in full by December 1, 2022 (no deferred payment option). This note allows the Affordable Ownership restriction to be stripped and replaced with a Workforce Ownership restriction once the roof is fixed and the loan is repaid.
  - Staff recommends this note. Substantial public funds are being loaned to fix the roofs. Once the roofs are fixed, it is reasonable that the owners should be required to repay the loan so that those public funds can be utilized to create more permanently deed restricted housing for the local workforce. If a household cannot afford to repay the loan once the roofs are fixed based on a determination by the Housing Authority, then the homeowner may either sell his/her home to repay the loan or execute the "long-term" note described below.
- Option 2: The "long-term" note requires the borrower to repay the loan in full by December 1, 2029 with a 3% compounding interest rate. If the borrower is unable to repay the loan once it becomes due, then s/he will be required to sell her/his house. This note preserves the Affordable Ownership restriction currently recorded.
  - Staff does not recommend pursing this note because it ties up significant public funds allocated for community workforce housing for a long period of time.

Key Issue Two: Administration of the Loan

The Housing Department does not currently have the capacity to administer the loan.

Town and County staff met with representatives from First Interstate Bank to discuss administration of the loan. The Bank indicated it would be willing to administer the loan for a 1% fee but would require that the entire project be administered through its institution.

Staff recommends allowing the HOA to identify a lending institution it is comfortable with managing the loan. Once the account has been set up, and the other conditions of distribution met, then the Housing Authority can transfer the money to the account, including up to a 1% fee for administering the loan on behalf of the Housing Authority.

Key Issue Three: How to Pay for the Loan to the Permanently Deed Restricted Units

The loan will cost $160,000 for each of the permanently deed restricted units, plus an administration fee up to 1% (First Interstate Bank stated it would charge a 1% admin fee).

- 8 Affordable units x $160,000 = $1,280,000 + ($1,280,000 x 1%) = **$1,292,800**
- If the Town and County split this cost 45%/55% then:
  - Town portion = **$581,760**
  - County portion = **$711,040**

Housing Funds Currently Available		
Account	Town	County
Fee in Lieu	$446,134	$4,349,504
Housing Supply*	$605,093**	$1,021,684
Total	$1,051,227	$5,371,188

*This does not include the Town or County Employee Housing Funds.
**This reflects the allocation of $1,250,000 for the 174 N. King Street housing development.

Staff recommends that the Town utilize all its Fee in Lieu funds ($446,134) plus $135,626 from the Housing Supply account to cover its portion of the loan costs. Staff recommends the County utilize $711,040 from its Fee in Lieu funds to cover its portion of the loan costs.

Housing Funds Available After Loan		
Account	Town	County
Fee in Lieu	$446,134 - $446,134 = $0.00	$4,349,504-$711,040 = $3,638,464
Housing Supply*	$605,093-$135,626 = $469,467	$1,021,684
Total	$1,051,227-$581,760 = $469,467	$5,371,188-$$711,040 = $4,660,148

Key Issue Four: How to Pay for the Purchase of Permanent Deed Restrictions
There are 16 units without permanent deed restrictions. Staff anticipates that some, but not all, of these owners will have a need to sell a permanent deed restriction on their unit to pay for the roof fix. Based on the motion made by the Council and Board October 7, 2019, the Housing Authority may purchase a Workforce Ownership restriction for up to $100,000 and an Affordable Ownership restriction for up to $160,000. (Without an option for homeowners to sell restrictions, the HOA has indicated they will not be able to approve the assessment.)

The Town and County can utilize Fee in Lieu funds and Housing Supply funds to purchase the restrictions.

Housing Funds Available After Loan		
Account	Town	County
Fee in Lieu	$0.00	$3,638,464
Housing Supply	$469,467	$1,021,684
Total	$469,467	$4,660,148

Key questions:

1. Do the Town and County want to split the cost of the restriction purchase 45%/55%?
   a. If yes, does the Town want to contribute the balance of its housing funds (not including Town Employee Housing Funds).
      i. If yes, then the County should contribute $573,793 which would represent a 45%/55% split. The total amount of $1,043,260 could be used to purchase six Affordable Ownership restrictions or 10 Workforce Ownership restrictions or some combination of the two.
      ii. If no, how much money does the Town want to contribute? The County should then contribute an amount based on the Town’s contribution.
   b. If no, how do the two boards wish to purchase the restrictions?
      i. The County could agree to pay 100% of the purchase price of the restrictions based on their location in the County.
      ii. The Town could agree to pay up to a certain amount and then the County could agree to cover all costs above that amount.
      iii. The Town and County could come up with another way share the costs to purchase the deed restrictions.
2. Do the Council and Board want to prioritize fund utilization?

a. Once loans are paid, Affordable Ownership restrictions will receive priority because they provide the most affordability and benefit to the public, then Workforce Ownership restrictions will be purchased until funds are expended or the assessment is paid, whichever is first. These could be prioritized based on a "first come, first served" basis.
b. Once loans are paid, restrictions will be purchased on a "first come, first served" basis, regardless of restriction type, until all funds are expended or the assessment is paid, whichever is first.

Staff recommends Council and Board:

- Allocate $1,043,260 to be utilized to purchase permanent deed restrictions; and
- Direct staff to purchase permanent deed restrictions on a "first come, first served" basis until the funds are expended or the assessment is paid, whichever is first.

ATTACHMENTS

- June 3, 2019 and October 7, 2019 Staff Reports
- Loan Documents:
  - Promissory Notes – short repay, long repay
  - Mortgage

FISCAL IMPACT

The fiscal impact will vary based on the option pursued and is discussed under alternatives/recommendations, above.

STAFF IMPACT

Staff has spent considerable time on this item thus far, including Town and County legal staff, the Housing Manager, and Housing Director. Each of the options listed above will continue to require attention from legal and housing staff.

STAKEHOLDER ANALYSIS

Stakeholders include Town and County taxpayers, local working families, business owners, and neighbors.

LEGAL REVIEW

Reviewed by Lea Colasuonno, Town Attorney, and John Graham, Deputy County Attorney.

SUGGESTED MOTION

County Motion:

I move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **$1,292,800** to assist with the Melody Ranch Townhome Roof Repair for loans to the eight permanently deed restricted homeowners, so long as those homeowners do not earn more than 200% of Median Family Income, and as discussed in this staff report and the Loan Documents.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **$1,043,260** to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized, and recommended in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to voucher Teton County for up to **$1,284,833** to assist with the Melody Ranch Townhome Roof Repair for loans to the eight permanently deed restricted homes and to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized, and recommended in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to execute the attached three-year loan and mortgage agreements with any of the eight deed restricted homeowners who apply and who earn less than 200% of Median Family Income.

Town Motion:
I move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **$1,292,800** to assist with the Melody Ranch Townhome Roof Repair for loans to the eight permanently deed restricted homeowners, so long as those homeowners do not earn more than 200% of Median Family Income, and as discussed in this staff report and the Loan Documents.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **$1,043,260** to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized, and recommended in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to voucher Town of Jackson for up to **$1,051,227** to assist with the Melody Ranch Townhome Roof Repair for loans to the eight permanently deed restricted homes and to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized, and recommended in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to execute the attached three-year loan and mortgage agreements with any of the eight deed restricted homeowners who apply and who earn less than 200% of Median Family Income.

BOARD OF COUNTY COMMISSIONERS

TOWN COUNCIL

JOINT INFORMATION MEETING
AGENDA DOCUMENTATION

PREPARATION DATE: October 22, 2019
MEETING DATE: June 3, 2019

SUBMITTING DEPARTMENT: Housing
DEPARTMENT DIRECTOR: April Norton
PRESENTER: Stacy Stoker

SUBJECT: Melody Ranch Townhomes Roof Failure

STATEMENT/PURPOSE:

The Melody Ranch Townhomes development is experiencing issues related to the roofs on the units. The purpose of this item is to summarize the issue to-date and seek direction from the Council and Board with regard to what assistance, if any, the Housing Department and/or Housing Authority Board should provide the homeowners.

BACKGROUND/ALTERNATIVES

Melody Ranch Townhomes were constructed in 1996 and 1998 by No-Pro Housing LLC. They were developed as part of the mitigation required for the Melody Ranch PUD. Once the units were constructed, No-Pro Housing LLC was dissolved. The Housing Department has been told that three different construction firms were used to build the units.

All 24 units in the development had deed restrictions that sunset. Over time, the Teton County Housing Authority has been able to remove 8 of those sunset clauses, therefore restricting those units in perpetuity. 13 of the units have restrictions that sunset and are now free market units. 3 of the units have restrictions that have not yet sunset but will over the course of the next 3 years.

Affordable Units	8
Affordable Units w/ Sunset Clause	3
Market Units (restrictions have already sunset)	13

A few years ago, some of the owners started noticing issues with their roofs. The HOA provided funds to fix at least two roofs. According to the HOA, these fixes were emergency fixes that are only temporary. Around June 2018 homeowners began approaching the Housing Department to help them sort through the roof situation as it became evident to at least some of the homeowners that the problem was pervasive and much more serious than initially thought.

On June 6, 2018 Buchko Structural Engineering LLC performed an inspection on an exposed section of roof Structural Insulated Panels (SIP). The report provided to the HOA on June 14, 2018 states:

The observed roof conditions appear to result from improperly specified panels and/or poor construction methods. Improperly sealed joint allowing moisture migration, improper joint connections, and omitted diaphragm nailing are improper SIP construction methods. That the condition is less pronounced on the buildings with metal roofs is likely the result of the metal ridges providing some ventilation. It is reasonable to expect that the roof was designed and constructed in a similar manner throughout the complex.

In the report, Buchko recommends that the roof panels be replaced with new panels or removed and replaced with a new system of conventional roof framing. The home Buchko inspected was listed for sale in 2018 for $679,000 and eventually sold for $545,000. This unit had a deed restriction that sunset (expired) in 2018 and was therefore a free market unit. It was the first unit in the neighborhood to sell as a free market unit.

The roof panel manufacturer, Insulpan, is out of business. The HOA insurance provider, Farm Bureau, was informed of the issue and advised the HOA that if the HOA makes a claim they will deny the claim as they do not cover faulty materials. Per the HOA, it was also stated by Farm Bureau that if the HOA makes a claim they will likely drop the HOA until the roof problem is fixed.

On July 2, 2018 the Teton County Attorney's Office sent the HOA a letter stating that the Housing Authority has no liability because it did not develop these units. The Housing Department's role pertaining to Melody Ranch Townhomes is to enforce the Occupancy and Use Restrictions, which includes ensuring compliance and facilitating sales and resales. The Housing Department has no authority over the HOA budget or the CCRs.

On July 11, 2018 Carrie Geraci, representing the HOA, came to speak to the Housing Authority Board asking for some assistance with the situation.

On August 20, 2018 the HOA held their annual meeting. The meeting minutes outline three options for the roof repair: 1) replace entire roof, 2) build a sub-structure over the existing roof, and 3) same as option 2, but only address the damaged areas of the roofs. The option costs range from $25,000 to $50,000 each. The meeting minutes also state that the metal roofs "should be ok."

On September 14, 2018, another homeowner, Brian Modena, met with Housing Department staff. During this meeting staff reiterated that the department had no liability in the matter. The complicating factor we identified at this time was related to the HOA's ability to get financing with multiple valuations of units (market, soon to sunset, permanently deed restricted).

On October 11, 2018, the Modenas were selected in a weighted drawing for a Workforce restricted home. Based on previous discussions with the Modenas, Housing Department staff knew their current home had a roof in need of repair.

The Housing Rules and Regulations require owners to complete all maintenance/repairs needed on a home before the closing of a sale. So, if one of the townhome owners wished to sell her/his unit, s/he would be required to fix the roof. Because the townhomes are connected four to a building, the entire building's roof needs to be fixed for all four townhomes at once, which would make it very hard for any one homeowner to fix any one roof so that s/he can sell her/his home. In cases where there are incomplete maintenance/repair items on a home being sold, the Rules and Regulations require funds to be held from sales proceeds in escrow to cover the cost of the maintenance/repair. For an owner to close the sale of a home, the Housing Department would hold funds from the sales proceeds in escrow to pay for the roof repair. However, if there is not enough equity in the home to cover the entire cost, the owner would be required to provide the remaining amount needed to cover the cost of the repair from her/his own pocket.

On October 19, 2018 the Modenas received a cost estimate to fix the roof on their four-plex. The estimate they received was around $500,000 to fix the four-plex roof. This estimate does not include architectural drawings or any contingency. Per the Modenas, they approached four contractors about the job and were told by each one that the job was not something the contractor would consider bidding on.

On October 24, 2018, the Modenas filed multiple exceptions with the Housing Department:

1) An exception to the rule for submitting a request for exception prior to submitting an application for a new home.
2) An exception to the CPI increase of the home to increase the resale value of the home by the final cost to replace the roof on a per unit basis.
3) An exception to re-classify their deed restricted unit to go from a Category 2 to a Workforce housing unit or to allow their unit to sunset (and thus become a free market unit).

The Housing Manager denied these requests and the Modenas appealed to the Housing Authority Board. An appeal hearing was scheduled, but after more discussions, the appeal was dismissed without prejudice and a one-hour workshop with the HOA and Housing Authority Board was scheduled for December 18, 2018.

On November 1, 2018 the HOA received a letter from First Interstate Bank denying their request for financing to cover the cost of the roof repair, estimated at $140,000 per unit. The letter states that the costs are too high, and the value of the deed restricted units does not benefit from the added investment.

On December 18, 2018 the Housing Authority Board and members of the HOA held a meeting after which, the Housing Authority Board agreed to "workshop" the issue at their next regularly scheduled meeting on January 2, 2019 with the goal of providing several options to the elected officials to consider as next steps.

<u>January 2, 2019: Housing Authority Board Regular Meeting</u>
At this meeting the Board discussed several different options, outlined below. Members of the HOA were present and available to answer questions. Keith Gingery was present as was Brad Flynt who represents the Modenas.

Information provided to the Board:

- The HOA does not have reserves to cover the costs of these repairs.
- It is impossible to be certain of the cost to repair the roofs at this time. Mr. Modena has submitted a quote from a contractor who according to Mr. Modena has indicated that they would NOT be willing to do the work. No other bids have been submitted by any contractors who are willing to

do the work. The Homeowner's Association has put out an RFP for an engineer and an architect to help them with design and a plan to move forward. The HOA has assessed each owner $15,000 to be paid over three years. This is enough to cover the metal roofing or shingles to replace the outer roof, but not to replace the structure underneath. The HOA has also retained an attorney to advise them of their responsibility in this situation.

- The Housing Department is unaware of the HOA or any homeowner filing a claim with the insurance provider for the unit(s).
- In 2018, one of the market units sold for $130,000 under asking price (which was $679,000), based on info about the roof and the need for the new buyer to fix the roof.

Possible solutions discussed by the Board:

1. **Do nothing.** The Housing Authority has no liability. If units go to foreclosure, the Authority should purchase the units back, fix the roofs, change the restriction and re-sell to a qualified household.
2. **Increase the maximum resale price/change the restriction for permanently deed restricted units, purchase restrictions on other units.**
    a. In this scenario, the JTCHA would increase the maximum resale price or change the restriction to a Workforce restriction for the permanently restricted units. If owners of these units were still unable to afford to fix their roofs, they would be required to sell their unit.
        i. Increasing the max resale price shifts the cost to fix the roof to the next buyer.
    b. For units with a sunset clause or that are already free market, if the homeowner could not afford the roof repair, JTCHA would purchase a permanent deed restriction on the unit for the cost of the roof repair. If the homeowner still could not afford to fix their roof, they will be required to sell.
3. **JTCHA financing/pay for with cost recovery.**
    a. In this scenario, JTCHA would finance the cost of the roof repair for the 8 deed restricted units. The balance of the cost of the roof repair must be paid by the owner by the time s/he chooses to sell her/his unit.
    b. JTCHA would purchase restrictions on any market or sunset clause units that cannot pay for cost of repair. If the homeowner still could not afford to fix their roof, they will be required to sell.

Possible solutions discussed and rejected by the Board or otherwise considered not viable:

1. **Remove deed restrictions.** The Housing Authority Board did not support this option.
2. **JTCHA Guaranty.** JTCHA guarantees the loan for the HOA (all 24 units) in exchange for restrictions on all 24 units. If an owner of a market unit pays the JTCHA back, then the restriction will be removed. All 24 homeowners will need to sign on to this. Likely not a viable option.
3. **Buy back, fix, and sell.** JTCHA forces all 8 deed restricted homeowners to sell their units. JTCHA then fixes the roofs and re-sells the units. The Housing Authority Board rejected this option.
4. **Buy back all 24 units, tear them down, and rebuild.** The Housing Authority Board rejected this option.
5. **Find the owners of the 8 permanently deed restricted units and the 3 units with restrictions that sunset in default of their special restrictions and force them to sell.** JTCHA then fixes the roofs and re-sells. The Housing Authority Board rejected this option.
6. **Change from one HOA for all 24 units to six HOAs (one HOA per 4-plex).** This could make getting financing to fix the roofs easier for some, but not all units.

Members of the HOA who attended this meeting stated that they would send out a questionnaire to their membership, polling them to see if any of these options were viable.

On January 3, 2019 a new option was suggested by members of the HOA: for owners of Affordable units who could not afford the roof repair, they could sell the unit to the JTCHA who would then fix the roof and rent it long-term to them. The Housing Authority Board did not consider this option as it was presented after their last meeting.

On January 16, 2019 the HOA held a meeting of its membership. The three "types" of homeowners – Affordable (permanently deed restricted), Sunset (deed restrictions that will expire), and Free Market – broke out into small groups to discuss the options presented by the HOA board. A summary of responses was provided to the Housing Department on January 22, 2019. Responses are as follows:

- Affordable homeowners stated that the options presented were "unpalatable" in their current form.
    - 3 of 8 owners said they could finance the roof repair with an equity increase equal to the cost of the roof repair. The other homeowners would still be unable to afford to fix their roofs.
    - Owners wanted to know what the exact valuation of their home would be before they could consider selling their unit; the range of purchase price to current value is too broad.
    - Owners wanted to know what the details on potential lease terms and pricing for their unit would be before considering a potential sale to the Housing authority and then renting long-term.
- Sunset homeowners were all willing to either replace the roof or sell on the free market after sunset. No owners were interested in selling a deed restriction at this time.
- Free market owners were all either willing to replace the roof or sell.

On January 29, 2019 the Housing Department became aware of another Melody Ranch Townhome that has been listed for sale. This unit, initially purchased for $120,000 in 1997, is listed for $729,000. When the listing realtor was asked about the roof issue, she provided the August 20, 2018 HOA meeting minutes that estimate the roof repair to cost around $50,000. The Housing Department received a copy of the August 20, 2018 meeting minutes on January 30, 2019.

Also, on January 29, the Housing Department reviewed the Declaration of Protective Covenants for the Townhomes at Melody Ranch. In Article 11 (page 32) the documents states that the Management Committee (MC) has authority over everything if there is a big problem and that the MC is responsible for fixing the "disaster" promptly. If the "disaster" effects less than 1/3 of the homes, the MC can use insurance proceeds and assess the affected unit owners. If the "disaster" effects more than 1/3 of the units and more than half of the owners do not agree to fix, the MC shall sell the entire project. If the owners vote yes to fixing, then they are all to be assessed and must pay within 90 days.

In the situation before us today, we understand that the "disaster" effects more than 1/3 of the units. The MC (Board of Directors) has brought the issue to its membership and over half the owners have agreed to fix the roofs. There has been a $15,000 assessment over three years, but that is nowhere near enough money to fix the problem as presented to us today.

On February 22, 2019 the Housing Authority Board received an opinion from the Chief Deputy County Attorney, Keith Gingery, concluding that since there has not been a fire or disaster and most of the units have shown no damage, a “catastrophic event” has not occurred. He further concluded that the HOA board can assess the property owners for repairs to the roof.

On March 5, the County Attorney received a letter of opinion from the HOA’s attorney, Frank Hess along with the Melody Ranch Townhome’s HOA insurance coverage book. The opinion concurred with Mr. Gingery’s.

On March 6, 2019 at their Regular Meeting, the Housing Authority Board revisited the Melody Ranch Townhomes. The MRT HOA board was present. They provided answers to the following outstanding questions:

1. What is the actual cost of fixing these roofs? The HOA Board indicated that they received no responses to their RFP for Architectural and Engineering services. They hired Mill Iron Timberworks, Y2 Consulting, and Blue Sky Insulators to provide architectural, engineering and contracting services to design a scope of work and provide a bid on the project. There should be a timeline available within the next 30 days.

2. How do we know if all the roofs are affected? The HOA referred the HAB to the report from Buchko Structural Engineering LLC stating that the roofs were built incorrectly with improper materials and that “*It is reasonable to expect that the roof was designed and constructed in a similar manner throughout the complex. ”*The HOA also indicated that they are pursuing a scope of work to do core testing on all of the units. This will add cost to the project, but they feel it is worth doing to be certain all of the roofs require replacement. If one unit needs the roof replaced, all four units in the building will need to have the roof replaced.

3. Were the buildings originally built to code? Is it absolutely a certainty that at the time of construction the wrong materials were used? The HOA’s attorney, Frank Hess responded as follows: “Unless the Housing Authority is going to make it a condition of assisting the HOA, researching whether the buildings were built to code and properly materials used will not be productive. The County Planning Office would have approved the plans and the County Building Inspector presumably would have at least given a cursory inspection. It is highly doubtful anyone will find a “smoking gun”. We (HOA, TCHA, and County) should all be able to rely on Buchko Structural Engineering’s report that the roofs are on the verge of destruction. Their dire condition has been confirmed by a number of the owners and simply isn’t in dispute. Hopefully TCHA will agree that it really doesn’t matter whether the roofs were built to code or properly inspected; they are collapsing just the same.

As these units are over 20 years old, we are well past any statute of limitations to legally recover from any supplier, contractor, sub-contractor, or agency. At this juncture the solution is to look forward how to fix the roofs and keep the owners in their houses.”

4. What is the obligation of the Housing Department to enforce maintenance on the homes? The County Attorney’s Office response to this question is “The enforcement would come at the time of sale, through the process of holding funds in escrow for repairs. Neither the restrictions or the Rules and Regulations permit the Housing Department to enforce maintenance prior to a homeowner desiring to sell their home.”

The Housing Authority Board asked the HOA to provide a plan in writing about how they will move forward and for the timeline to get a bid proposal on costs to complete the work. This item was to be revisited at the next Regular Meeting on April 3rd, 2019. The HOA was informed that no

recommendation will be made to the JIM without all of the questions being answered, and all information in hand. It was agreed that the Housing Authority would focus on finding a way to help only the eight permanently deed restricted unit owners.
On April 3, 2019 the Housing Authority Board revisited the Melody Townhomes roof failure. The HOA board was present. The HOA indicated that they would have a bid by April 18th.

On April 18, 2019, the Housing Department received copies of a bid from Mill Iron Timberworks. The Melody Ranch Townhome HOA has indicated that the builder, panel manufacturer and engineer were confident that they did not need to involve an architect in this project. The bid came in at $142,960 per unit or $1,143,680 for the 8 permanently restricted units. Mill Iron Timberworks advised the HOA to include a high and low estimate based on an increase in material & labor costs year over year. The bid with a 10% increase for one year is $157,256 per unit or $1,258,048 for the 8 restricted units. Please see the attached bid documents for more information.

On April 23, 2019 the Housing Authority Board held a Special Meeting and discussed the following options:

Option 1. Do nothing.

Key Issues:

1. The owners would be assessed the cost of the repairs by the HOA.
2. If due to the lack of equity or the ability to qualify for a loan, they are unable to get financing to pay the assessment, the HOA would put a lien on the property.
3. A lien would put the owners in default of their deed restriction, and the Housing Department would require them to sell the unit. Through this process, any deferred maintenance issues are required by the Housing Department to be completed or money from the sales proceeds are held in escrow until the repairs are made. Since there wouldn't be enough equity in the home to pay the costs with the sales proceeds, the owners would be expected to pay from their own pockets. There is a likely chance that they would choose to walk away from their mortgage and get foreclosed upon.
4. When a home gets foreclosed on, the Housing Authority has the option to purchase the home. If the Housing Authority chooses not to purchase the home, the restrictions get stripped and the bank would sell the home at market value. The cost of the assessment would get paid through this process, and the home would be lost to the program.
5. If the Housing Authority purchases the home, the repairs would be made, and either the home's income range would be changed so that the home could be resold at a higher value to recoup the costs or a further subsidy would be made to keep the home restricted for lower income earning households.
6. This scenario causes families to lose their homes to foreclosure ruining their credit.
7. It also causes public funds to be used to purchase the homes with a potential of a subsidy to keep the homes in the program. It is a loss for the owners and potentially to the public.

Option 2. Change the 8 permanently restricted units from Affordable to Workforce Housing and raise the value of their home to meet the bid amount to provide equity needed for financing.

Key Issues:

1. No public funds would be required.
2. Owners would need to get private financing to cover the cost of repairing the roofs.
3. Some owners may not be able to afford to get financing at the higher value. If they are unable to get financing and cannot pay the assessment for the repairs, the HOA would put a lien on the home. This would put the owner in default of their deed restriction, and they would be

required to sell the home. If they must sell their home, they would sell it for the adjusted value, and the Housing Department would hold money from the sales proceeds in escrow to pay the assessment for the repair. The owners would be made whole and would avoid the potential of foreclosure. This would be the same scenario that many of the market owners (units that have sunset) could face as their incomes may not be enough to allow them to get financing.

4. The units may be difficult to sell if potential buyers know they are going to have to move out for 3 months while the roofs get fixed. If the homes are unable to be sold, the Housing Authority would need to purchase the home, keep money from sales proceeds in escrow to pay for the repairs, and would resell it once the roof is fixed.
5. The cost to fix the roof is being passed on to new owners if the home sells.
6. The units will be lost to the Affordable Program but will be permanently restricted for the workforce.

The following chart depicts what this would mean for each permanently restricted unit using the average of the current and next year's bid numbers at $150,108 (includes move-out and storage fees):

Unit	Current Income Range	Number of Bedrooms	Purchase Price	Appreciation Earned (equity may not exist)	Current Value	Adjusted Value	Adjusted Income Range
1	100% - 120%	3	$177,095	$66,065 (13 yrs)	$243,160	$393,268	>140%
2	80% - 100%	2	$160,181	$38,250 (9 yrs)	$198,431	$348,539	>140%
3	80% - 100%	2	$168,390	$44,542 (10.5 yrs)	$212,932	$363,040	>140%
4	80% - 100%	3	$151,590	$44,438 (14 yrs)	$196,028	$346,136	>140%
5	80% - 100%	2	$147,083	$61,214 (13.5 yrs)	$205,297	$355,405	>140%
6	80% - 100%	2	$148,406	$58,308 (13.5 yrs)	$206,714	$356,822	>140%
7	80% - 100%	2	$172,470	$36,404 (8 yrs)	$208,874	$358,982	>140%
8	100% - 120%	3	$164,545	$47,713 (14 yrs)	$212,258	$362,366	>140%

Option 3. Town/County will provide financing to the owners of the 8 permanently restricted units.

Key Issues:

1. The financing would be provided by the Town and County for a 20-year period at an interest rate of 2% or another chosen rate. Payments would not be required, unless the owner wishes to make payments. If so, the loan would be amortized over 20 years. Otherwise, the loan would be a balloon payment due in 20 years.
2. The balloon payment would potentially cause people to be forced to sell their home to pay it back. Some may be able to refinance to pay it back.
3. This would cost the public approximately $1,200,864 which would be held up for potentially 20 years and is money that could currently be going toward additional restricted housing.
4. The money would be earning interest at a rate of 2% or other. This is more than what current interest rates are paying for savings accounts but could be less than the potential earnings in the future.
5. Owners in other developments will expect the same type of help.
6. The units will be lost to the Affordable Program but will be permanently restricted for the workforce.

Option 4. Choose Option 1, 2, or 3 and offer to purchase sunset clauses.

The situation at Melody Ranch Townhomes presents the opportunity to purchase sunset clauses from the owners and record a new Workforce Ownership restriction on the units raising the value of the home. This would give the owner money to help pay the roof assessment, give them more equity in their home to provide more incentive to the owner, and keep the units permanently restricted for the workforce.

Precedent.

Will taking any kind of action set a precedent for other developments and/or owners in the future?

Taking action in this situation may not set a precedent for other developments and/or owners in the future because the development is a mix of permanently restricted units, market units, and restricted units that will become market units within the next few years that are spread out in eight four-plex buildings. This means that some buildings have at least one market unit and one permanently deed restricted unit. The mix of restrictions within these buildings, the lack of ability to get financing on the restricted units, and the requirement that all four units within a building be fixed at the same time causes a larger challenge than if the units were separate.

ATTACHMENTS

- June 6, 2018 Buchko Structural Engineering Inspection Memo
- July 2, 2018 Letter to HOA from Teton County Attorney's Office
- August 20, 2018 HOA annual meeting minutes
- October 19, 2018 cost estimate for a four-plex roof repair
- November 1, 2018 from First Interstate Bank lending letter denying the HOA request for financing to roof repair
- January 22, 2019 Melody Ranch Townhome HOA survey response summary
- Declaration of Protective Covenants for the Townhomes at Melody Ranch
- April 18 Mill Iron Bid

FISCAL IMPACT

Fiscal impacts will vary. Funding will likely need to come from the Town and/or County general fund.

If the Board and Council choose to finance the project for the eight permanently deed restricted units, the cost (assuming $150,108 per unit) would be $1,200,864 which could be recouped at some point in the future.

STAFF IMPACT

The Housing Manager and Housing Director have spent significant time on this to date. If the Board and Council direct staff to continue working on this item, more time will be necessary and may involve outsourcing the work or deferral of other scheduled work, depending on the scope, as this project was not contemplated in the Housing Department work plan for this year and very limited staff capacity exists to maintain the current level of attention given to this project.

STAKEHOLDER ANALYSIS

Teton County community members, Affordable homeowners, prospective Affordable homeowners, and Melody Ranch Townhome owners.

LEGAL REVIEW

John Graham has reviewed this staff report.

RECOMMENDATION

The Housing Authority Board and Housing Department staff have a split recommendation.

Housing Authority Board Recommendation:

The Housing Authority Board recommends Option 2 and Option 4. Purchasing the sunset clauses would keep the units restricted for the workforce in perpetuity. Raising the value of the units gives the owners equity to obtain financing to pay for the roof repair assessment without public funds being used. Some owners may be required to sell their homes if they are unable to obtain financing, however, they will be made whole and avoid foreclosure.

It is recommended that the value of the eight permanently restricted units be increased by the amount of the actual cost of construction along with expenses to relocate the owners during construction with a limit of $160,000 per unit. These units will go from being Category 2 and 3 units (80-120% income range) to Workforce units. The Board considered paying "market rate" as an increase for the restricted units but instead went with the cost of the repair as the maximum sales price which still leaves the units maximum values below $400,000.

The Housing Authority Board is also recommending that the Housing Authority offer to purchase Workforce Ownership restrictions on the units that had or still have sunset clauses (the three units with sunset clauses will be market units by 2020). They recommend paying for the actual cost of construction along with expenses for move-out/storage with a limit of $160,000 per unit. The Town and County would need to provide funding to cover the payments for the Workforce Ownership restrictions. If all 16 sunset and market units wanted to sell a restriction, the cost could be $2,560,000.

Option 1 was rejected because if nothing is done, the units will likely be foreclosed on, and either the Housing Authority would purchase the units, or they would be lost from the program.

Option 3 was rejected because the public funds used to finance the repairs are needed currently for other housing projects. It was determined that it would not be good stewardship of public funds to tie them up for 20 years for the benefit of private individuals.

Housing Department Staff Recommendation:
Housing Department staff recommends raising the value of the eight permanently restricted units by an amount equal to the costs of construction not to exceed $139,000 and recording a Workforce Ownership deed restriction on each unit.

Staff does not recommend including costs for the families to move out for three months. The Mill Iron bid includes moving and storage fees along with temporary housing fees totaling $11,400. Staff recommends removing these from the bid making the average cost of this year's bid and next year's bid $138,138.

Staff recommends recording Workforce Ownership restrictions on the units to provide equity so the owners can obtain financing to cover the costs of the roof repair without using public funds. The Workforce Ownership restriction includes an appreciation cap on the units so that they remain affordable to households earning around 140% of median family income. Some owners may find it necessary to sell their homes, however, they will be made whole and will not be faced with foreclosure.

Staff recommends rejection of Option 1 and Option 3 for the same reasons the Housing Authority Board rejected them.

Staff recommends rejection of Option 4 because the sunset clause purchases should be considered on a case by case basis. There are variables such as the state of the home, location, etc. that should be considered when purchasing sunset clauses.

SUGGESTED MOTION

Motion 1 – Staff Recommendation:
I move to direct and authorize the Jackson/Teton County Housing Authority Board to record Workforce Ownership restrictions on the eight permanently deed restricted units located at Melody Ranch Townhomes and to raise the current maximum value of the home by the actual cost to construct the roof only, capped at $139,000 per unit. The Housing Authority is also directed and authorized to negotiate with homeowners who have a sunset clause to purchase deed restrictions, provided that all proceeds from the sale of the restriction go towards roof repair. The Housing Authority shall present any deed restriction purchase the Housing Director deems reasonable to the Board of County Commissioners and Town Council for approval.

Motion 2 – Housing Authority Recommendation:
I move to direct and authorize the Jackson/Teton County Housing Authority Board to raise the value of the eight permanently restricted homes by an amount equal to the cost of construction including owner move-out/storage costs up to a maximum of $160,000 and to record Workforce Ownership restrictions on each unit. I also direct and authorize the Housing Authority Board to offer the owners of the three units with sunset clauses and the 13 market units payments in the amount of the cost of construction including owner move-out/storage costs up to a maximum of $160,000 and to place a Workforce Ownership restriction on the units allowing their initial sale to be an unset price to be determined by the seller at time of sale.

BOARD OF COUNTY COMMISSIONERS

TOWN COUNCIL

JOINT INFORMATION MEETING

AGENDA DOCUMENTATION

PREPARATION DATE: October 22, 2019
MEETING DATE: October 7, 2019

SUBMITTING DEPARTMENT: Affordable Housing
DEPARTMENT DIRECTOR: April Norton
PRESENTER: April Norton

SUBJECT: Melody Ranch Townhomes Roof Replacement

STATEMENT/PURPOSE

Staff seeks direction from the Town Council ("Council") and Board of County Commissioners ("Board") on what new actions, if any, they would like staff to take related to the roof challenges faced by owners of deed restricted homes in the Melody Ranch Townhome neighborhood.

BACKGROUND/ALTERNATIVES

A comprehensive background is provided in the staff report for the June 3, 2019 Joint Information Meeting; that staff report is provided as an attachment to this staff report.

On June 3, 2019, the Board and Council directed the Jackson Teton County Housing Authority Board ("JTCHA") to strip the eight existing Affordable Ownership restrictions, provide an up to $160,000 increase in maximum sales price to each unit, and record a Workforce Ownership restriction on the units. It was thought, at the time, that this action would allow the Affordable homeowners to fix their roofs and/or sell their homes without forcing a foreclosure.

Since that meeting, new information from the Homeowners' Association ("HOA") has been received related to the financial feasibility of the project.

1. First Interstate Bank ("FIB") will not lend to individual homeowners. At the time of the June 3, 2019 meeting, the HOA believed that FIB would loan to individual homeowners, allowing those who could not secure financing even with the increased value to sell their homes before the assessment.
2. FIB will lend to the HOA. However, in this scenario, the bank will require that each homeowner share the responsibility of paying back the loan. So, if one homeowner cannot pay back the loan, the other owners will be required to make up that payment. The HOA declined this option. Please see attached email from FIB.
3. The HOA states that no other financial institution will finance the project.
4. One Affordable owner has listed his home for sale. Housing Department staff spoke with six lenders to determine if financing to purchase the home was a possibility. Of the six lenders, two stated they would lend to a qualified household to purchase the home, one stated they needed more information, and three lenders stated they would not lend. (Please see letters from four of the six lenders attached to this staff report.)
    a. Right now, this listing is for a Workforce Ownership unit and assumes that $160,000 from the sales proceeds will be held in escrow for the purpose of fixing the roof. However, should the closing date arrive

without the HOA assessing the owners for the roof project, the new restriction cannot be recorded, and the sale will not happen.

b. As of October 1, 2019, at least one household has expressed interest in purchasing this home. By the October 7 meeting date staff may have a better sense for the demand and feasibility of selling.

This staff report is broken out into two parts.

First, what is the policy direction – are the Council and Board interested in protecting the permanently deed restricted homes and are the boards also interested in ensuring the HOA can obtain financing to complete the project, knowing that it will involve significant cost and/or potentially require some homeowners to sell their homes?

Second, staff provides the Board and Council with seven options. Based on feedback from the HOA, if an option to provide financing for any homeowner who needs it – restricted or not – is not provided, the HOA will not move forward with an assessment and the roofs will not be fixed. Therefore, options one through five pursued alone may not be enough to protect the existing eight owners of permanently deed restricted units. Options one through five pursued in conjunction with option six may ensure that the HOA assesses itself to fix the roofs.

1. Stay the course. Once the HOA has approved an assessment for the roof project (anticipated to be $160,000 per unit), strip the Affordable restrictions and record a Workforce restriction with a maximum resale value $160,000 higher than the existing Affordable maximum resale value. This places the cost to fix the roof on a future homeowner and allows owners who cannot secure financing the opportunity to sell their homes without bearing the cost to fix the roofs.
2. Sell the Affordable restrictions to the HOA. The Board and Council will set a price for the Affordable restrictions and allow the HOA to purchase the restrictions, thus allowing the entire neighborhood to become free market and removing financing barriers. Right now, a two-bedroom 80-120% Affordable restriction is valued at $208,316 based on current fee-in-lieu rates. Sales proceeds will be placed into the Supply Program account at JTCHA to be utilized to build permanently deed restricted housing.
3. Direct JTCHA to give the Affordable owners funds up to the cost to fix the roofs + moving costs. The Affordable restrictions would remain in place and funds will only be provided after the HOA assessment. $160,000 x 8 units = $1,280,000. Fee-in-lieu funds may be used to pay for this so long as the Affordable restrictions remain in place.
4. Direct JTCHA to loan the Affordable owners funds up to the cost to fix the roofs + moving costs and require that the owners pay JTCHA back upon the sale of their home or the roof fix, whichever comes first. Once the roofs are fixed or the home is listed for sale, JTCHA will strip the Affordable restriction and record a Workforce restriction with a maximum sales price that is increased by the amount loaned per unit. If the owner cannot afford to pay JTCHA back once the roof has been fixed, that owner will be required to sell their home at which time JTCHA will be paid back. Fee-in-lieu funds may not be utilized for this option. This option may result in forced sales.
5. Direct JTCHA to guarantee the loan to the HOA. If an owner cannot pay the mortgage, then JTCHA will force that person to sell their home and utilize the proceeds from the sale of said home to pay the bank. This option may result in forced sales.
6. Direct JTCHA to purchase permanent deed restrictions on those units that do not currently have one and whose owners cannot otherwise obtain financing to pay the assessment to fix the roof. The Council and Board would need to set a maximum amount that JTCHA can offer to purchase permanent Workforce Ownership restrictions. Recently, a Workforce Ownership restriction was purchased for $75,000 on a 2-bedroom, 1-bathroom, 1,036-square-foot, single-family home in the Sage Meadows neighborhood. The homes in the Melody Ranch Townhome neighborhood are all 2-bedroom, 2-bathroom, approximately 1,400-square-feet, attached units. Fee-in-lieu funds cannot be used to purchase Workforce restrictions.
7. Direct JTCHA to pursue a combination of the options listed above, or an option not presented by staff today.

ATTACHMENTS

- June 3, 2019 Staff Report
- Email correspondence from: Jeff Collins, First Interstate Bank; Lance Windey, Bank of Jackson Hole; Amy Robinson, Meridian Trust; and Sarah Heisey, Rocky Mountain Bank.

FISCAL IMPACT

The fiscal impact will vary based on the option pursued.

Housing funds available right now include:

- Town of Jackson:
    - Fee in lieu = $273,953 – must be used to provide Affordable units
    - Housing Supply = $1,719,059
- Teton County:
    - Fee in lieu = $4,349,504 – must be used to provide Affordable units
    - Housing Supply = $746,684

STAFF IMPACT

Staff has spent considerable time on this item thus far, including Town and County legal staff, the Housing Manager, and Housing Director. Each of the options listed above will continue to require attention from legal and housing staff.

STAKEHOLDER ANALYSIS

Stakeholders include Town and County taxpayers, local working families, business owners, and neighbors.

LEGAL REVIEW

Reviewed by Lea Colasuonno, Town Attorney, and John Graham, Deputy County Attorney.

RECOMMENDATION

Staff recommends pursuing Option 4 and Option 6, assuming the HOA agrees to assess itself $160,000 to fix the roofs. The HOA has a meeting scheduled for October 28th at which time they will vote on the special assessment.

Once the HOA assesses themselves to fix the roofs, JTCHA will provide a construction loan to the permanently Affordable owners up to $160,000 per unit for the purpose of fixing the roofs. Once the roofs are fixed, the Affordable restrictions will be stripped and replaced with Workforce restrictions that have a maximum resale value equal to the current maximum Affordable resale value + loan amount. The owners must then repay the loan.

JTCHA will purchase for $100,000, a Workforce Ownership restriction on any home that is not currently permanently deed restricted. JTCHA will purchase for $160,000, an Affordable Ownership restriction on any home that is not currently permanently deed restricted for $160,000.

Moving forward, the Board and Council may want to consider directing staff to explore the feasibility of a Capital Improvement Fund for future capital improvements for existing permanently deed restricted housing. This could potentially work in conjunction with a Preservation Fund that provides funds to purchase permanent deed restrictions on existing housing stock and may qualify for grants and other sources of funding.

SUGGESTED MOTION

I move to direct the Jackson/Teton County Housing Authority to 1) provide a construction loan to the permanently Affordable owners of the Melody Ranch Townhomes Subdivision that will cover the costs to fix the roofs, plus displacement costs, up to $160,000; to record a Workforce Ownership restriction on the units once the roof has been fixed; and to require full repayment for said loan once the roof is fixed; and 2) offer to purchase a permanent deed restriction on any home that is not permanently deed restricted, spending no more than $100,000 for a Workforce Ownership restriction and no more than $160,000 for an Affordable Ownership restriction.

Promissory Note

Date of Note: Effective as of *[effective date of note]*,
Note Amount: $160,000

THIS PROMISSORY NOTE (Hereinafter “Note”), is made by *[name of borrower]*, (Hereinafter “Borrower”), having an address at *[address of borrower]*, to and in favor of Jackson / Teton County Housing Authority Board, a duly constituted Housing Authority pursuant to W.S. § 15-10-116 (Hereinafter “Lender”), having an address at 320 S. King Street, P.O. Box 714, Jackson, WY 83001.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender, without any counterclaim, setoff or deduction whatsoever, on the Maturity Date (as hereinafter defined), at the office of Lender, or at such other place as Lender may designate to Borrower in writing from time-to-time, the principal sum of $160,000, together with interest on so much thereof as is from time-to-time outstanding and unpaid, from the date of the advance of the principal evidenced hereby, at the rate of 3% per annum (Hereinafter the “Note Rate”) in lawful money of the United States of America, which shall at the time of payment be legal tender in payment of all debts and dues, public and private.

Article I. Terms and Conditions

1.1. *Payment of Principal.*

Said interest shall be computed on a compounding annual basis. In calculating annual interest, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made. No payment shall be due on this Note until December 1, 2029 (the “Maturity Date”), at which time the entire outstanding principal balance hereof shall be due and payable in full.

Borrower shall make all payments called for under this Note by sending or delivering check or other negotiable instrument made payable as follows at the address indicated:

Jackson / Teton County Housing Authority

320 S. King Street

P.O. Box

Jackson, Wy 83001

If Lender gives written notice to Borrower that a different address shall be used for making payments under this loan Note, Borrower shall use the new address so given by Lender.

1.2. *Prepayment.*

(a) This Note may be prepaid in whole at any point prior to the maturity date provided (i) written notice of such prepayment is received by Lender not more than ***ninety (90)*** days and not less than ***fifteen (15)*** days prior to the date of such prepayment, notwithstanding provisions addressing prepayment after default. This Note may not be prepaid in part.

(b) If, prior to Maturity Date, and following the occurrence of any default beyond any applicable notice and/or grace period, Borrower shall tender payment of an amount sufficient to satisfy all of the indebtedness evidenced by this Note, Lender shall accept such prepayment provided (i) Lender has not incurred additional costs as a result of the default or (ii) tendered prepayment includes costs resulting from a default, and, in both instances, Lender has not exercised default remedies available to it.

1.3. *Security.*

The indebtedness evidenced by this Note and the obligations created hereby are secured by, among other things, that certain Mortgage and Security Agreement (Hereinafter the "Security Instrument") from Borrower to Lender, as mortgagee, dated as of the date hereof, concerning certain property located in Teton County, Wyoming. The Security Instrument, this Note, and such other agreements, documents and instruments, together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, and extensions and modifications thereof, are herein referred to collectively as the "Loan Documents." All of the terms and provisions of the Loan Documents are incorporated herein by reference. Some of the Loan Documents are to be filed for record on or about the date hereof in the appropriate public records.

1.4. *Default.*

It is hereby expressly agreed that should any default occur in the payment of principal as stipulated above and such payment is not made within five (5) days of the date such payment is due, or should any other default occur under any of the Loan Documents which is not cured within any applicable grace or cure period, including without limitation, any sale, transfer, conveyance or other violation of the terms of the Security Instrument, then a default shall exist hereunder, and in such event the indebtedness evidenced hereby, including all sums advanced or accrued hereunder or under any other Loan Document, shall, at the option of Lender and without notice to Borrower, at once become due and payable and may be collected forthwith, whether or not there has been a prior demand for payment and regardless of the stipulated date of maturity. In the event that any payment is not received by Lender on the date when due (subject to the applicable grace period), then in addition to any default interest payments due hereunder, Borrower shall also pay to Lender a late charge in an amount equal to five percent (5.0%) of the amount of such overdue payment. So long as any default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum equal to four percent (4.0%) or if such increased rate of interest may not be collected under applicable law, then at the maximum rate of interest, if any, which may be collected from Borrower under applicable law (Hereinafter the "Default Interest Rate"), and such default interest shall be immediately due and payable. Borrower acknowledges that it would be extremely difficult or impracticable to determine Lender's actual damages resulting from any late payment or default, and such late charges and default interest are reasonable estimates of those damages and do not constitute a penalty. The remedies of Lender in this Note or in the other Loan Documents, or at law or in equity, shall be cumulative and concurrent, and may be pursued singly, successively or together, in Lender's discretion. In the event this Note, or any part hereof, is collected by or through an attorney, Borrower agrees to pay all costs of collection, including but not limited to reasonable attorney's fees. Documents shall be deemed references to such sections as affected by other provisions of the Loan Documents relating thereto. Nothing contained in this section shall (i) be deemed to be a release or impairment of the indebtedness evidenced by this Note or the other obligations of Borrower under the Loan Documents or the lien of the Loan Documents upon the Security Property, or (ii) preclude Lender from foreclosing under the Loan Documents in case of any default or from enforcing any of the other rights of Lender except as stated in this section.

Article II. General Conditions

2.1. *No Waiver; Amendment.*

No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a partial or past due payment, or indulgences granted from time-to-time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Lender thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by any applicable laws; and Borrower hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part unless Lender agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

2.2. *Waivers.*

Presentment for payment, demand, protest and notice of demand, protest and nonpayment, notice of intent to accelerate maturity, notice of acceleration of maturity and all other notices are hereby waived by Borrower. Borrower hereby further waives and renounces, to the fullest extent permitted by law, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisement, exemption and homestead now or hereafter provided by the Constitution and laws of the United States of America and of each state thereof, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Note or the other Loan Documents.

2.3. *Limit of Validity.*

The provisions of this Note and of all agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, including but not limited to the Loan Documents, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of this Note or otherwise, shall the amount paid, or agreed to be paid ("*Interest*") to Lender for the use, forbearance or detention of the money loaned under this Note exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever (including, without limitation, the receipt of any late charge or similar amount), performance or fulfillment of any provision hereof or of any agreement between Borrower and Lender shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then *ipso facto* the obligation to be performed or fulfilled shall be reduced to such limit and if, from any circumstance whatsoever, Lender shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under this Note in the inverse order of its maturity (whether or not then due) or at the option of Lender be paid over to Borrower, and not to the payment of Interest. All Interest (including any amounts or payments deemed to be Interest) contracted for, charged, taken, reserved, paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of this Note, including any extensions and renewals hereof, until payment in full of the principal balance of this Note so that the Interest thereof for such full period will not exceed at any time the maximum amount permitted by applicable law. This *Section 2.3* will control all agreements between Borrower and Lender.

2.4. ***Use of Funds.***

(a) Borrower hereby assents to funds received pursuant to this Note to be distributed directly to the Townhomes at Melody Ranch Homeowners Association, or its designee, for the purpose of satisfying an assessment to cover the cost of roof repair for all constituent members of the Townhomes at Melody Ranch Homeowners Association. Borrower warrants, represents and covenants that funds dispersed hereunder shall be used exclusively for repair of the roof at [*address*] and no funds disbursed hereunder shall be used for personal, family or unauthorized household purposes.

(b) Borrower acknowledges and assents to Lender withholding distribution of the funds provided by this Note unless and until Townhomes at Melody Ranch Homeowners Association, or its designee, provide sufficient documentation of the following: (i) a requirement that the general contractor and the major subcontractors complete the project within a specific period of time; (ii) an agreement that the construction will be accomplished in a workmanlike manner; (iii) a requirement that the general contractor and the major subcontractors be bonded in order to assure their performance; and (iv) lien waivers from all contractors and subcontractors covering the payment of all previously supplied labor and materials in order to preclude the suppliers from placing a lien on the property that could have priority over this Note.

(c) Determination of whether Townhomes at Melody Ranch Homeowners Association, or its designee, has provided sufficient documentation to satisfy these conditions shall be at the sole discretion of Lender.

2.5. ***Unconditional Payment.***

Borrower is and shall be obligated to pay principal, interest and any and all other amounts which become payable hereunder or under the other Loan Documents absolutely and unconditionally and without any abatement, postponement, diminution or deduction and without any reduction for counterclaim or setoff. In the event that at any time any payment received by Lender hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any bankruptcy, insolvency or other debtor relief law, then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Borrower and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand.

2.6. ***Further Assurances.***

Borrower shall execute and acknowledge, or cause to be executed and acknowledged, and deliver to Lender all reasonable documents, and take all reasonable actions, reasonably required by Lender from time-to-time to confirm the rights created under this Note and the other Loan Documents, to protect and further the validity, priority and enforceability of this Note and the other Loan Documents, to subject to the Loan Documents any property of Borrower intended by the terms of any one or more of the Loan Documents to be encumbered by the Loan Documents, or otherwise carry out the purposes of the Loan Documents and the transactions contemplated thereunder; *provided, however,* that no such further actions, assurances and confirmations shall increase, modify or change Borrower's obligations under this Note or under the other Loan Documents.

2.7. ***Submission to Jurisdiction; Waiver of Jury Trial.***

(a) Borrower, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily (i) submits to personal jurisdiction in the state where the property is located over any suit, action or proceeding by any person arising from or relating to this Note; (ii) agrees that any such action, suit or proceeding may be brought in any state or federal court of competent jurisdiction sitting in either the city or the county where the property is located; (iii) submits to the jurisdiction of such courts; (iv) to the fullest extent permitted by law, agrees that Borrower will not bring any action, suit or proceeding in any other forum; and (v) consents and agrees to service of any summons, complaint or other legal process in any such suit, action or proceeding by registered or certified U.S. mail, postage prepaid, to Borrower at the address for notices described on the first page hereof, and consents and agrees that such service shall constitute in every respect valid and effective service, but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law.

(b) Borrower, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily waives, relinquishes and forever forgoes the right to a trial by jury in any action or proceeding based upon, arising out of, or in any way relating to this Note or any conduct, act or omission of Lender or Borrower, or any of their directors, officers, partners, members, employees, agents or attorneys, or any other persons affiliated with Lender or Borrower, in each of the foregoing cases, whether sounding in contract, tort or otherwise.

2.8. ***Governing law.***

This Note shall be interpreted, construed and enforced according to the laws of the state of Wyoming and venue shall lie in Teton County, Wyoming.

2.9. ***Miscellaneous.***

(a) The terms and provisions hereof shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law. As used herein, the terms *"Borrower"* and *"Lender"* shall be deemed to include their respective successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law.

(b) Subject to the limitations set forth above, if Borrower consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Borrower under this Note.

(c) All personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa.

(d) Titles of articles and sections are for convenience only and in no way define, limit, amplify or describe the scope or intent of any provisions hereof. Capitalized terms used in this Note and not otherwise defined herein shall have the meaning ascribed to them in the Security Instrument or in the Loan Documents.

(e) Time is of the essence with respect to all provisions of this Note, the Security Instrument and the Loan Documents.

(f) This Note and the other Loan Documents contain the entire agreements between the parties hereto relating to the subject matter hereof and thereof and all prior agreements relative hereto and thereto which are not contained herein or therein are terminated.

IN WITNESS WHEREOF, the Borrower, intending to be legally bound hereby, has duly executed this Note as of the day and year first written above.

By:

____
[Name of borrower]

Notary

State of ________________________

County of ______________________

This instrument entitled Promissory Note was acknowledged before me on _______________________ by ____.

____
Signature of Notarial Officer

(Seal)

____
Title

My commission expires:

____

Promissory Note

Date of Note: Effective as of *[effective date of note]*,
Note Amount: $160,000

THIS PROMISSORY NOTE (Hereinafter "Note"), is made by *[name of borrower]*, (Hereinafter "Borrower"), having an address at *[address of borrower]*, to and in favor of Jackson / Teton County Housing Authority Board, a duly constituted Housing Authority pursuant to W.S. § 15-10-116 (Hereinafter "Lender"), having an address at 320 S. King Street, P.O. Box 714, Jackson, WY 83001.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender, without any counterclaim, setoff or deduction whatsoever, on the Maturity Date (as hereinafter defined), at the office of Lender, or at such other place as Lender may designate to Borrower in writing from time-to-time, the principal sum of $160,000, in lawful money of the United States of America, which shall at the time of payment be legal tender in payment of all debts and dues, public and private.

Article I. Terms and Conditions

1.1. *Payment of Principal.*

No payment shall be due on this Note until December 1, 2022 (the "Maturity Date"), at which time the entire outstanding principal balance hereof shall be due and payable in full.

Borrower shall make all payments called for under this Note by sending or delivering check or other negotiable instrument made payable as follows at the address indicated:

Jackson / Teton County Housing Authority

320 S. King Street

P.O. Box

Jackson, Wy 83001

If Lender gives written notice to Borrower that a different address shall be used for making payments under this loan Note, Borrower shall use the new address so given by Lender.

1.2. *Prepayment.*

(a) This Note may be prepaid in whole at any point prior to the maturity date provided (i) written notice of such prepayment is received by Lender not more than ***ninety (90)*** days and not less than ***fifteen (15)*** days prior to the date of such prepayment, notwithstanding provisions addressing prepayment after default. This Note may not be prepaid in part.

(b) If, prior to Maturity Date, and following the occurrence of any default beyond any applicable notice and/or grace period, Borrower shall tender payment of an amount sufficient to satisfy all of the indebtedness evidenced by this Note, Lender shall accept such prepayment provided (i) Lender has not incurred additional costs as a result of the default or (ii) tendered prepayment includes costs resulting from a default, and, in both instances, Lender has not exercised default remedies available to it.

1.3. *Security.*

The indebtedness evidenced by this Note and the obligations created hereby are secured by, among other things, that certain Mortgage and Security Agreement (Hereinafter the "Security Instrument") from Borrower to Lender, as mortgagee, dated as of the date hereof, concerning certain property located in Teton County, Wyoming. The Security Instrument, this Note, and such other agreements, documents and instruments, together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, and extensions and modifications thereof, are herein referred to collectively as the "Loan Documents." All of the terms and provisions of the Loan Documents are incorporated herein by reference. Some of the Loan Documents are to be filed for record on or about the date hereof in the appropriate public records.

1.4. *Default.*

It is hereby expressly agreed that should any default occur in the payment of principal as stipulated above and such payment is not made within five (5) days of the date such payment is due, or should any other default occur under any of the Loan Documents which is not cured within any applicable grace or cure period, including without limitation, any sale, transfer, conveyance or other violation of the terms of the Security Instrument, then a default shall exist hereunder, and in such event the indebtedness evidenced hereby, including all sums advanced or accrued hereunder or under any other Loan Document, shall, at the option of Lender and without notice to Borrower, at once become due and payable and may be collected forthwith, whether or not there has been a prior demand for payment and regardless of the stipulated date of maturity. In the event that any payment is not received by Lender on the date when due (subject to the applicable grace period), then in addition to any default interest payments due hereunder, Borrower shall also pay to Lender a late charge in an amount equal to five percent (5.0%) of the amount of such overdue payment. So long as any default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum equal to four percent (4.0%) or if such increased rate of interest may not be collected under applicable law, then at the maximum rate of interest, if any, which may be collected from Borrower under applicable law (Hereinafter the "Default Interest Rate"), and such default interest shall be immediately due and payable. Borrower acknowledges that it would be extremely difficult or impracticable to determine Lender's actual damages resulting from any late payment or default, and such late charges and default interest are reasonable estimates of those damages and do not constitute a penalty. The remedies of Lender in this Note or in the other Loan Documents, or at law or in equity, shall be cumulative and concurrent, and may be pursued singly, successively or together, in Lender's discretion. In the event this Note, or any part hereof, is collected by or through an attorney, Borrower agrees to pay all costs of collection, including but not limited to reasonable attorney's fees. Documents shall be deemed references to such sections as affected by other provisions of the Loan Documents relating thereto. Nothing contained in this section shall (i) be deemed to be a release or impairment of the indebtedness evidenced by this Note or the other obligations of Borrower under the Loan Documents or the lien of the Loan Documents upon the Security Property, or (ii) preclude Lender from foreclosing under the Loan Documents in case of any default or from enforcing any of the other rights of Lender except as stated in this section.

Article II. General Conditions

2.1. ***No Waiver; Amendment.***

No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a partial or past due payment, or indulgences granted from time-to-time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Lender thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by any applicable laws; and Borrower hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part unless Lender agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

2.2. ***Waivers.***

Presentment for payment, demand, protest and notice of demand, protest and nonpayment, notice of intent to accelerate maturity, notice of acceleration of maturity and all other notices are hereby waived by Borrower. Borrower hereby further waives and renounces, to the fullest extent permitted by law, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisement, exemption and homestead now or hereafter provided by the Constitution and laws of the United States of America and of each state thereof, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Note or the other Loan Documents.

2.3. ***Limit of Validity.***

The provisions of this Note and of all agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, including but not limited to the Loan Documents, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of this Note or otherwise, shall the amount paid, or agreed to be paid ("*Interest*") to Lender for the use, forbearance or detention of the money loaned under this Note exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever (including, without limitation, the receipt of any late charge or similar amount), performance or fulfillment of any provision hereof or of any agreement between Borrower and Lender shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then *ipso facto* the obligation to be performed or fulfilled shall be reduced to such limit and if, from any circumstance whatsoever, Lender shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under this Note in the inverse order of its maturity (whether or not then due) or at the option of Lender be paid over to Borrower, and not to the payment of Interest. All Interest (including any amounts or payments deemed to be Interest) contracted for, charged, taken, reserved, paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of this Note, including any extensions and renewals hereof, until payment in full of the principal balance of this Note so that the Interest thereof for such full period will not exceed at any time the maximum amount permitted by applicable law. This *Section 2.3* will control all agreements between Borrower and Lender.

2.4. ***Use of Funds.***

(a) Borrower hereby assents to funds received pursuant to this Note to be distributed directly to the Townhomes at Melody Ranch Homeowners Association, or its designee, for the purpose of satisfying an assessment to cover the cost of roof repair for all constituent members of the Townhomes at Melody Ranch Homeowners Association. Borrower warrants, represents and covenants that funds dispersed hereunder shall be used exclusively for repair of the roof at [*address*] and no funds disbursed hereunder shall be used for personal, family or unauthorized household purposes.

(b) Borrower acknowledges and assents to Lender withholding distribution of the funds provided by this Note unless and until Townhomes at Melody Ranch Homeowners Association, or its designee, provide sufficient documentation of the following: (i) a requirement that the general contractor and the major subcontractors complete the project within a specific period of time; (ii) an agreement that the construction will be accomplished in a workmanlike manner; (iii) a requirement that the general contractor and the major subcontractors be bonded in order to assure their performance; and (iv) lien waivers from all contractors and subcontractors covering the payment of all previously supplied labor and materials in order to preclude the suppliers from placing a lien on the property that could have priority over this Note.

(c) Determination of whether Townhomes at Melody Ranch Homeowners Association, or its designee, has provided sufficient documentation to satisfy these conditions shall be at the sole discretion of Lender.

2.5. ***Unconditional Payment.***

Borrower is and shall be obligated to pay principal, interest and any and all other amounts which become payable hereunder or under the other Loan Documents absolutely and unconditionally and without any abatement, postponement, diminution or deduction and without any reduction for counterclaim or setoff. In the event that at any time any payment received by Lender hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any bankruptcy, insolvency or other debtor relief law, then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Borrower and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand.

2.6. ***Further Assurances.***

Borrower shall execute and acknowledge, or cause to be executed and acknowledged, and deliver to Lender all reasonable documents, and take all reasonable actions, reasonably required by Lender from time-to-time to confirm the rights created under this Note and the other Loan Documents, to protect and further the validity, priority and enforceability of this Note and the other Loan Documents, to subject to the Loan Documents any property of Borrower intended by the terms of any one or more of the Loan Documents to be encumbered by the Loan Documents, or otherwise carry out the purposes of the Loan Documents and the transactions contemplated thereunder; *provided, however*, that no such further actions, assurances and confirmations shall increase, modify or change Borrower's obligations under this Note or under the other Loan Documents.

2.7. ***Submission to Jurisdiction; Waiver of Jury Trial.***

(a) Borrower, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily (i) submits to personal jurisdiction in the state where the property is located over any suit, action or proceeding by any person arising from or relating to this Note; (ii) agrees that any such action, suit or proceeding may be brought in any state or federal court of competent jurisdiction sitting in either the city or the county where the property is located; (iii) submits to the jurisdiction of such courts; (iv) to the fullest extent permitted by law, agrees that Borrower will not bring any action, suit or proceeding in any other forum; and (v) consents and agrees to service of any summons, complaint or other legal process in any such suit, action or proceeding by registered or certified U.S. mail, postage prepaid, to Borrower at the address for notices described on the first page hereof, and consents and agrees that such service shall constitute in every respect valid and effective service, but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law.

(b) Borrower, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily waives, relinquishes and forever forgoes the right to a trial by jury in any action or proceeding based upon, arising out of, or in any way relating to this Note or any conduct, act or omission of Lender or Borrower, or any of their directors, officers, partners, members, employees, agents or attorneys, or any other persons affiliated with Lender or Borrower, in each of the foregoing cases, whether sounding in contract, tort or otherwise.

2.8. ***Governing law.***

This Note shall be interpreted, construed and enforced according to the laws of the state of Wyoming and venue shall lie in Teton County, Wyoming.

2.9. ***Miscellaneous.***

(a) The terms and provisions hereof shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law. As used herein, the terms *"Borrower"* and *"Lender"* shall be deemed to include their respective successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law.

(b) Subject to the limitations set forth above, if Borrower consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Borrower under this Note.

(c) All personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa.

(d) Titles of articles and sections are for convenience only and in no way define, limit, amplify or describe the scope or intent of any provisions hereof. Capitalized terms used in this Note and not otherwise defined herein shall have the meaning ascribed to them in the Security Instrument or in the Loan Documents.

(e) Time is of the essence with respect to all provisions of this Note, the Security Instrument and the Loan Documents.

(f) This Note and the other Loan Documents contain the entire agreements between the parties hereto relating to the subject matter hereof and thereof and all prior agreements relative hereto and thereto which are not contained herein or therein are terminated.

IN WITNESS WHEREOF, the Borrower, intending to be legally bound hereby, has duly executed this Note as of the day and year first written above.

By:

____
[Name of borrower]

Notary

State of _______________________

County of ____________________

This instrument entitled Promissory Note was acknowledged before me on ______________________
by ____.

____
Signature of Notarial Officer

(Seal)

____
Title

My commission expires:

____

When Recorded Mail to:

Jackson / Teton County Housing Authority Board
320 S. King Street
P.O. Box 714
Jackson, WY 83001

MORTGAGE

MADE as of the *[ordinal number of day]* day of *[name of month]*, *[identification of year]* between *[name of mortgagor]*, with an address at [address of mortgagor] (Hereinafter "Mortgagor"), and the Jackson / Teton County Housing Authority, a duly constituted Housing Authority pursuant to W.S. 15-10-116, with an address of 320 S. King Street, P.O. Box 714, Jackson, WY 83001 (hereinafter "Mortgagee").

WITNESSETH:

WHEREAS, Mortgagor is justly indebted to the Mortgagee for money borrowed, as evidenced by a certain Promissory Note (hereinafter "the Note") of even date herewith, the terms, covenants, and conditions of which are specifically incorporated herein by reference, duly executed and delivered by Mortgagor, payable to the order of Mortgagee at its office aforesaid, or at such other place as may be designated in writing by the holder of said Note, in the principal sum of $160,000 advanced by the Mortgagee to the Mortgagor, with interest thereon from the date hereof at the rate set forth therein, such principal and interest being payable at the times and in the manner as therein more particularly set forth. The Note secured by this Mortgage shall be due and payable on *[fill based on short or long note]*.

NOW, THEREFORE, in consideration of the principal advances made by the Mortgagee to the Mortgagor and other valuable consideration, and for the purpose of securing the prompt repayment by Mortgagor of said indebtedness and all other sums payable hereunder and under said Note and also for the purpose of securing the performance of and compliance with all of the terms, covenants, conditions, and warranties herein contained and contained in the Note, the Mortgagor does hereby Mortgage unto the Mortgagee, its successors and assigns all the property which has the current address of *[fill]*, and parcel ID number in Teton County, Wyoming, and more fully described in attached Exhibit A.

TOGETHER WITH all interest which Mortgagor now has or may hereafter acquire in or to said property and in and to:

(a) all easements and rights of way appurtenant thereto;

(b) all buildings, structures, improvements, fixtures, appliances, equipment, and other articles of real or personal property of every kind and nature (other than consumable goods), whether or not physically attached or affixed to said property and now or hereafter installed or placed thereon, and used in connection with any future operation thereof (including but not limited to all apparatus and equipment used to provide or supply air-cooling, air-conditioning, heat, gas, water, light, power, laundry, and garbage disposal; and fire prevention and extinguishing equipment, elevators, antennas, pool equipment, window coverings, floor coverings, ranges, oven, dishwashers, and water heaters, it being intended and agreed that such items be conclusively deemed to be affixed to and to be part of the property that is mortgaged hereby;

(c) all water and water rights (whether or not appurtenant) and shares of stock pertaining to such water or water rights, ownership of which affects said property;

(d) all shrubs, trees, crops, and plants;

(e) all adjacent lands included in enclosure or occupied by buildings located partly on the above described property; and

(f) all claims, demands, or causes of actions of every kind (including proceeds of settlements of any such claim, demand, or cause of action of any kind) which Mortgagor now has or may hereafter acquire arising out of acquisition or ownership of the property, including any award of damages or compensation for injury to or in connection with any condemnation for public use of the property to any part thereof (whether or not eminent domain proceedings have been instituted); however, Mortgagee shall have no duty to prosecute any such claim, demand, or cause of action;

ALSO TOGETHER WITH all rents, issues, profits, royalties, tools, earnings, and incomes therefrom and installments of money payable pursuant to any agreement for sale of said property or any part thereof.

(For the purpose of this instrument including all provisions incorporated by reference herein, all of the foregoing described property, property rights, and interest shall be referred to as the Property or the Premises). As used hereinafter, the terms Lease and First Mortgage shall mean the lease or leases and the mortgage or mortgages, respectively, referred to on Exhibit *[designation of exhibit]*, attached hereto, together with all amendments, modifications, and supplements thereof.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns forever, subject as aforesaid.

AND MORTGAGOR represents, warrants, and covenants that it is the lawful owner of the Property free from all encumbrances and liens, whatsoever, except those items as set forth herein.

TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR AGREES AS FOLLOWS:

1. *Repair and Maintenance of Property.*

Mortgagor shall keep the Property in good condition and repair; not to substantially alter, remove, or demolish any buildings thereon; to restore promptly and in good workmanlike manner any buildings or other improvements which may be damaged or destroyed, including, without restricting the generality of the foregoing, damage from termites and earth movement, to pay when due all claims for labor performed and materials furnished in connection with the Property and not to permit any mechanics' lien against the Property; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereon; not to commit, suffer, or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, and prune; and to do all other acts that from the character or use of such property may be reasonably necessary to keep the Property in the same condition (reasonable wear and tear excepted) as at the date of this Mortgage; to perform and keep each of the covenants and agreements required to be kept and performed by Mortgagor pursuant to the terms of the Lease and any and all other instruments creating Mortgagor's interest in or defining Mortgagor's rights in respect to the Property.

2. ***Construction of Improvements.***

Mortgagor shall ensure that all improvements to the Property shall be done in a workman like manner and comply with all federal, state, and local laws including, but not limited to, applicable building codes and zoning or use regulations.

3. ***Insurance.***

Mortgagor shall provide and maintain in force, at all times, insurance against loss of the Property or any improvements thereto. Each policy of such insurance shall be in an amount, for a term, and in form and content by such companies, as may be satisfactory to Mortgagee, with loss payable to Mortgagee, and shall, if required by Mortgagee, be delivered to and remain in possession of Mortgagee as further security for the faithful performance of this Mortgage. Until advised to the contrary by the Mortgagee, such insurance shall include insurance against loss or damage to the buildings and improvements on the Property by fire and any risks covered by insurance of the type now known as "fire and extended coverage," in an amount not less than the original amount of the Note plus all outstanding amounts prior Mortgages or the full replacement cost of the buildings and improvements, whichever is greater.

Mortgagor shall furnish Mortgagee with written evidence showing payment of all premiums therefor. At least 30 days prior to the expiration of any insurance policy, a policy renewing or extending such expiring insurance shall be delivered to Mortgagee with written evidence showing payment of the premium therefor, and in the event any such premium is not so delivered to Mortgagee, if required, Mortgagor by executing this Mortgage specifically requests Mortgagee to obtain such insurance. Mortgagee, but without obligation so to do, without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereof, may obtain such insurance through or from any insurance agency or company acceptable to it, and pay the premium therefor. Mortgagee shall not be chargeable with obtaining or maintaining such insurance or for the collection of any insurance monies or for any insolvency of any insurer or insurance underwriter. Mortgagee, from time-to-time, may furnish to any insurance agency or company, or any other person, any information contained in or extracted from any insurance policy theretofore delivered to Mortgagee pursuant hereto, and any information concerning the loan secured hereby.

Mortgagor hereby assigns to Mortgagee all unearned premiums on any such policy, and agrees that any and all unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property conveyed at any sale held hereunder.

4. ***Casualty or Condemnation***

(a) In the event of any casualty to the Property or any part thereof or should the Property or any part thereof or interest thereon be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to the Mortgagee.

(b) In the event of any damage or destruction to all or any part of the improvements, Mortgagee shall have the option, in its sole discretion, of applying all or part of the insurance proceeds (i) to any indebtedness secured hereby and in such order as Mortgagee may determine, or (ii) to the restoration of the improvements, or (iii) a payment to the Mortgagor.

(c) In the event of such loss or damage, all proceeds of insurance shall be payable to Mortgagee and Mortgagor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Mortgagee. Mortgagee is hereby authorized and empowered by Mortgagor to settle, adjust, or compromise any claims for loss, damage, or destruction under any policy or policies of insurance.

(d) Except to the extent that insurance proceeds are received by Mortgagee and applied to the indebtedness secured hereby, nothing herein contained shall be deemed to excuse Mortgagor from repairing or maintaining the Property as provided herein or restoring all damage or destruction to the Property, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by Mortgagee of any insurance proceeds shall not cure or waive any default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

(e) In the event of a condemnation or other taking, Mortgagee shall be entitled to all compensation, awards, and other payments or relief, up to the amount of its debt and accrued interest thereon, and shall be entitled at its option to commence, appear in, and prosecute in its own name any action or proceedings. Mortgagee shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action, and proceeds awarded to Mortgagor (the Proceeds) are hereby assigned to the Mortgagee, and the Mortgagor agrees to execute such further assignments of the Proceeds as Mortgagee may require.

(f) In the event any portion of the Property is so taken or damaged, Mortgagee shall have the option to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorney's fees, incurred by Mortgagee in connection with such Proceeds, upon any indebtedness secured hereby and in such order as Mortgagee may determine, or to apply all such Proceeds, after such deductions, to the restoration of the Property upon such conditions as Mortgagee may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(g) The Mortgagee's rights pursuant to this paragraph 4 shall be subject to the rights of the holder of a prior mortgage, if any.

5. *Taxes, Liens, and Other Sums Due.*

Mortgagor shall pay, satisfy, and discharge: (a) all general and special taxes on the Property, and all assessments on water stock, affecting the Property, at least 10 days before delinquency, (b) all special assessments for public improvements on the Property, when due, without permitting any improvement bond to issue for any special assessment, (c) on demand of Mortgagee, but in no event later than the date such amounts become due, (1) all encumbrances, charges, and liens (including without limitation, income tax liens or liens of a similar character, to be impressed or levied by the United States Government, or the State, municipality, or county, where the Property is located or an agency of any of them), with interest, on such Property, or any part thereof, which are, or appear to Mortgagee to be, prior to or superior hereto, (2) all costs, fees, and expenses of this Mortgage whether or not described herein, (3) fees or charges for any statement regarding the obligation secured hereby in any amount demanded by Mortgagee not to exceed the maximum amount allowed by law therefor at the time when such request is made, (4) Mortgagee's fees, charges, and expenses for any other statement, information, or services furnished by Mortgagee in connection with the obligations secured hereby (said services may include, but shall not be limited to, the processing by Mortgagee of assumptions, substitutions, modifications, extensions, renewals, subordinations, rescissions, changes of owners, recordation of map, plat, or record of survey, grants of easements, and full and partial reconveyances, and the obtaining by Mortgagee of any policies of insurance pursuant to any of the provisions contained in this Mortgage), (5) if the Property includes a leasehold estate, all payments and obligations required of the Mortgagor or his successor in interest under the terms of the instrument or instruments creating such leasehold, (6) all payments and monetary obligations required of the owner of such Property under any easement pertaining to the Property or any modification thereof, and (7) any sums advanced or paid by Mortgagee under any clause or provision of this Mortgage.

Should Mortgagor fail to make any such payment, Mortgagee, without contesting the validity or amount, may elect to make or advance such payment together with any costs, expenses, fees, or charges relating thereto, including employing counsel and paying his reasonable fees. Any such sum, until so repaid, shall be secured hereby and bear interest from the date it was advanced or paid at 4% per month and shall be secured by this Mortgage. Mortgagor agrees to notify Mortgagee immediately upon receipt by Mortgagor of notice of an increase in the assessed value of the Property and agrees that Mortgagee, in the name of Mortgagor, may contest by appropriate proceedings such increase in assessment. Mortgagor agrees to notify Mortgagee and appropriate taxing authorities immediately upon the happening of any event which does or may affect the value of the Property, the amount or basis of assessment of the Property, or the availability of any exemption to which Mortgagor is or may be entitled.

6. *Claims, Demands and Actions.*

Mortgagor shall (a) defend any action or proceeding purporting to affect the Property or the condition and integrity of any improvements constructed thereon or purporting to affect the security hereof (whether or not it actually affects the security hereof), or purporting to affect the rights or powers of Mortgagee, and (b) file and prosecute all necessary claims and actions to prevent or recover for any damage to or destruction of the Property, and enforce against others each and every obligation to be performed by them under any easement pertaining to the Property.

Mortgagee is hereby authorized, without obligation so to do, to commence, appear in, or defend any action or proceeding, whether or not brought by or against Mortgagor, and with or without action or suit, to exercise or enforce any other right, remedy, or power available or conferred hereunder, whether or not judgment be entered in any action or proceeding. Mortgagee may appear or intervene in any action or proceeding, and retain counsel therein, and take such action therein, as may be advised, and may settle, compromise, or pay the same or any other claims and, in that behalf and for any of said purposes, may expend and advance such sums of money as either may deem necessary. If any action or proceeding be commenced (including an action in connection with the sale of the Property or to collect the debt secured hereby) to which action or proceeding the Mortgagee is made a party, or which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid or incurred by the Mortgagee (including reasonable counsel fees and all applicable statutory costs, allowances, and disbursements), shall be paid by Mortgagor on demand, together with interest thereon at the rate of 4% per month, and any such sum and the interest thereon shall be a lien on the Property prior to any right, or title to, interest in, or claim upon the Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. Upon any default of Mortgagor in complying with or performing any warranty or covenant herein, the Mortgagee, at its option, may comply with or perform the same, and the cost thereof, together with interest thereon at the rate of 4% per month, shall be secured by this Mortgage and shall be paid by the Mortgagor to the Mortgagee. If Mortgagee employs an attorney to collect any or all of the unpaid indebtedness hereof or to enforce any other provision hereof or in connection with the sale of the Property, Mortgagee, in addition to all other costs and fees allowed according to law, shall be reimbursed by Mortgagor immediately for all reasonable costs and attorney's fees incurred by the Mortgagee and the same shall be secured by this Mortgage.

6. ***Hazardous or Toxic Materials.***

The Mortgagor shall ensure that the Property is maintained in compliance with, and shall not cause or permit the Property to be in violation of, any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions (Hazardous Materials Laws) on, under, about, or affecting the Property. Neither the Mortgagor nor any of its tenants shall use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation any substances defined as or included in the definition of *hazardous substances, hazardous wastes, hazardous materials,* or *toxic substances* under any applicable federal or state laws or regulations. The Mortgagor shall advise the Mortgagee in writing promptly upon notice of (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any applicable Hazardous Materials Laws; (ii) all claims made or threatened by any third party against the Mortgagor, the Lessee, or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials, and (iii) the Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Laws.

The Mortgagor shall, at its expense, and after obtaining the written consent of the Mortgagee, take all necessary remedial action(s) in response to the presence of any Hazardous Materials on, under, or about the Property.

7. *Leases.*

Mortgagor will not without the consent of Mortgagee consent to the cancellation or surrender of, or accept prepayment of rents other than rent paid at the signing of, any lease now or hereinafter covering the Property or any part thereof, nor modify any such lease so as to shorten the term, decrease the rent, accelerate the payment of rent, or change the terms of any renewal option; and any such purported assignment, cancellation, surrender, prepayment, or modification made without the written consent of the Mortgagee shall be void as against the Mortgagee and with respect to this Mortgage.

The Mortgagor covenants to keep, observe, and perform all of the covenants on its part to be kept, observed, and performed and to require the tenants to keep, observe, and perform all of the covenants on the part of said tenants to be kept, observed, and performed under any Leases; and in default thereof the Mortgagee shall have the right to perform or to require performance of such Lease covenants, to add any expense incurred in connection therewith to the debt secured hereby, which such expense shall bear interest from the date of payment at the rate of 4% per month and shall be recoverable as part of the debt secured hereby and shall be immediately due and payable. Mortgagor agrees to furnish to Mortgagee a copy of any modification of any Lease presently in effect and copies of all future leases affecting the Property, and failure to furnish to Mortgagee a copy of any future lease affecting the Property shall be deemed a default under this Mortgage for which the Mortgagee may, at its option, declare the entire unpaid balance of the note secured hereby, to be immediately due and payable.

In the event that tenant under the Lease shall elect to terminate the Lease, the proceeds of any termination payment shall be applied first to satisfy the indebtedness secured by each mortgage to which this Mortgage is subordinate, then this Mortgage shall be satisfied and any remaining balance shall be paid to the Mortgagor.

8. *Successor Mortgagors.*

Should the indebtedness evidenced by the Note be assumed, Mortgagor waives presentment, demand protest, and notice of nonpayment of said Note, and consents to delays, changes in time of payment, and the amount of installments due under said Note and to the reduction or increase of the interest rate thereof.

9. *Waiver of Statute of Limitations.*

Time is of the essence in all Mortgagor’s obligations hereunder, and to the fullest extent permitted by law, Mortgagor waives all present or future statutes of limitation with respect to any debt, demand, or obligation secured hereunder in any action or proceeding for the purpose of enforcing this Mortgage or any rights or remedies hereunder.

10. ***Inspection and Business Records.***

Mortgagee at any time during the continuation of this Mortgage may enter and inspect the Property at any reasonable time, and if the Property is now or hereafter used for residential income purposes, Mortgagor will promptly deliver to Mortgagee such financial statements, gross income statements, and profit and loss statements of such types and at such intervals as may be required by Mortgagee which will be certified and prepared according to the usual and acceptable accounting principles and practices, which statements shall cover the financial operations relating to the Property, and Mortgagor further agrees when requested by Mortgagee to deliver promptly in writing such further additional information as required by Mortgagee relating to any such financial statements. The provisions of this paragraph 10 shall be subject to the rights of the lessee under the Lease.

11. ***Assignment of Rents.***

Mortgagor hereby assigns and transfers to Mortgagee all rents, issues, and profits of the Property, and hereby gives to and confers upon the Mortgagee the right, power, and authority to collect such rents, issues, and profits. Mortgagor irrevocably appoints Mortgagee its agent, at any time and from time-to-time, to demand, receive, and enforce payment, to give receipts, releases, and satisfactions, and to sue in the name of Mortgagor or Mortgagee, for all rents, issues, and profits and apply the same to the indebtedness hereby secured; provided, however, the Mortgagor shall have the right to collect such rents, issues, and profits (but not more than two (2) months in advance, prior to or at any time there is not an event of default under the Mortgage). The assignment of the rents, issues, and profits of the Property is intended to be an absolute assignment from the Mortgagor to the Mortgagee and not merely the passing of a security interest. The rents, issues, and profits are hereby assigned absolutely by Mortgagor to Mortgagee contingent only upon the occurrence of an event of default under the Mortgage.

12. ***Right to Collect and Receive Rents and Profits.***

Upon default by Mortgagor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Mortgagee may at any time without notice, either in person, by agent, or by receiver to be appointed by the court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, make, cancel, enforce, or modify leases, obtain and eject tenants, set or modify rents in its own name, sue for or otherwise collect the rents, income, issues, and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorney's fees, upon any indebtedness secured hereby and in such order as Mortgagee may determine, and except for such application, Mortgagee shall not be liable to any person for the collection or noncollection of any rents, income, issues, or profits, nor with failure to assert or enforce any of the foregoing rights. The entering upon and taking possession of such property, the collection of such rents, income, issues, or profits, the doing of other acts herein authorized, and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The provisions of this paragraph 12 shall be subject to the rights of the lessees under the Leases.

13. ***Events of Default.***

It shall be an Event of Default if Mortgagor or any subsequent owner of the Property: (a) fails to make any payment of interest or principal on its due date and such failure to make such payment continues for 10 days; or (b) takes any action prohibited by this Mortgage; or (c) fails to perform any obligation secured or required by this Mortgage; or (d) files a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief; or (e) shall seek or consent to the appointment of any trustee, receiver, or liquidator of all or any part of the Property, or of any or all of the revenues, rents, issues, or profits thereof or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or (f) has entered against it an order, judgment, or decree approving a petition filed against it seeking any reorganization, dissolution, or similar relief under any statute, law, or regulation relating to relief for debtors, which shall remain in effect for 60 days; or (g) has entered against it a writ of execution or attachment or any similar process against all or any part of or interest in the Property, or any judgment involving monetary damages shall be entered against it which shall become a lien on the Property or any portion thereof or interest therein which remains in effect for 60 days after its entry or levy; or (h) fails to comply with the terms and conditions of any prior mortgage.

14. *Remedied upon Default.*

A. If an Event of Default shall occur, Mortgagee may declare all indebtedness secured hereby to be immediately due and payable and the same shall thereupon become due and payable without any presentment, demand, protest, or notice of any kind. Thereafter Mortgagee may:

(i) Either in person or by agent, with or without bringing any action or proceeding, enter upon and take possession of the Property, or any part thereof, in its own name, and do any acts which it deems necessary or desirable to preserve the value, marketability, or rentability of the Property, or any part thereof or interest therein, increase the income therefrom with or without taking possession of the Property, sue for or otherwise collect the rents, issues, and profits thereof, including those past due and unpaid. The entering upon and taking possession of the Property shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default and Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law upon occurrence of any Event of Default, including the right to exercise any available power of sale;

(ii) Commence an action to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(iii) Exercise a foreclosure by advertisement pursuant to W.S. 34-4-102, pursuant to Mortgagee’s power of sale;

(iv) Exercise any or all of the remedies available to a secured party under the applicable Uniform Commercial Code.

B. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. In any suit to foreclose the lien hereof or enforce any other remedy of Mortgagee under this Mortgage or the Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee including but not limited to attorney's fees. All expenditures and expenses as may be incurred in the protection of the Property and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, or the Note shall be immediately due and payable by Mortgagor, with interest thereon at 4% per month and shall be secured by this Mortgage.

C. No remedy herein provided shall be exclusive of any other remedy herein, or now or hereafter existing by law, but shall be cumulative. Every power or remedy hereby given to Mortgagee or to which Mortgagee may be otherwise entitled may be exercised from time-to-time and as often as may be deemed expedient, and Mortgagee may pursue inconsistent remedies. If Mortgagee holds any additional security for any obligation secured hereby, it may enforce the sale thereof at its option, either before, contemporaneously with, or after the sale is made hereunder. On any default of Mortgagor, Mortgagee may, at its option, offset against an indebtedness owing by it to Mortgagor, the whole or any part of the indebtedness secured hereby, and the Mortgagee is hereby authorized and empowered, at its option, without any obligation so to do, and without affecting the obligations hereof, to apply toward the payment of any indebtedness secured hereby and of the Mortgagor to the Mortgagee, any and all sums of money which the Mortgagee may have in its possession or under its control, including without limiting the generality of the foregoing, the indebtedness evidenced by an investment certificate or any escrow or trust funds. In order to assure the definiteness and certainty of the rights and obligations herein provided, Mortgagor waives any and all rights of offset of claims and no offset shall relieve Mortgagor from paying installments on the obligations secured hereby as they become due.

15. ***Power of Mortgagee to Reconvey or Consent.***

Without affecting the liability of any person, including Mortgagor, for the payment of any indebtedness secured hereby, including such indebtedness as may be due at the time of or after full reconveyance, or the lien of this Mortgage upon any remainder of the Property for the full amount of any indebtedness then or thereafter secured hereby, or the rights or powers of the Mortgagee with respect to the remainder of the Property (other than any person or property specifically released by Mortgagee), Mortgagee from time-to-time, without liability therefor, and without notice to Mortgagor, may do any one or more of the following: (1) release any indebtedness; (2) extend the time or otherwise alter the terms of payment of such indebtedness; (3) accept additional security; (4) substitute or release any property securing such indebtedness; (5) reconvey all or any part of the Property; (6) consent to the making of any map or plat thereof; (7) join in granting any easement thereon; or (8) join in any extension agreement or any agreement subordinating or otherwise affecting the lien or charge hereof. Any reconveyances by Mortgagee shall be made without warranty. A request for full reconveyance and full reconveyance shall operate as a reassignment of the rents, income, issues, and profits assigned herein to Mortgagee.

16. ***Subordination.***

This Mortgage is made subject and subordinate to any prior recorded mortgage. Mortgagor shall comply with all terms and conditions of a prior recorded mortgage. Any provision contained in this Mortgage which may not be permitted under the terms of the prior recorded mortgage shall be void against the mortgagee of a prior recorded mortgage.

17. ***No Waiver or Modification Unless in Writing.***

No modification or waiver by Mortgagee of any right under this Mortgage shall be effective unless in writing. Waiver by Mortgagee of any right granted to Mortgagee under this Mortgage or of any provision of this Mortgage as to any transaction or occurrence shall not be deemed a waiver as to any future transaction or occurrence. By accepting payment of any sum secured hereby after its due date, or by making any payment or performing any act on behalf of Mortgagor that Mortgagor was obligated hereunder but failed to make or perform, or by adding any payment so made by Mortgagee to the indebtedness secured hereby, Mortgagee does not waive its right to require prompt payment when due of all sums so secured or to require prompt performance of all other acts required hereunder, or to declare a default for failure so to pay.

18. ***Creation of Security Interest.***

Mortgagor hereby grants to Mortgagee a security interest in the personal property located on or at the Property, including without limitation any and all property of similar type or kind hereafter located on or at the Property for the purpose of securing all obligations of Mortgagor contained in the Note and this Mortgage.

19. ***General Provisions.***

(a) This Mortgage applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. (b) The term “Mortgagee” shall mean the owner and holder, including a pledgee, of any note secured hereby, whether or not named as Mortgagee herein. (c) Wherever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. (d) Captions and paragraphs headings used herein are for convenience only, are not a part of this Mortgage, and shall not be used in construing it.

20. ***Receiver.***

Upon the commencement of any action to enforce any remedy available hereunder, the Mortgagee shall be entitled as a matter of right without notice, without bond, without regard to the solvency of the Mortgagor, or waste of the Property, or adequacy of the security of the Property, to have a receiver appointed for the Property with such powers and rights as may be incident to the making of such appointment and the Mortgagor does hereby irrevocably consent to such appointment.

21. ***Governing Law.***

This Mortgage shall be construed according to the laws of the State of Wyoming.

22. ***Notices.***

All notices shall be valid when delivered to [*insert address of Mortgagor*], unless and until Mortgagor provides Mortgagee with written notice of a change of mailing address, delivered to Jackson / Teton County Housing Authority Board, P.O. Box 714, Jackson, WY 83001.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Mortgage has been duly executed on the date indicated above.

By:

____
[Name of mortgagor]

IN WITNESS WHEREOF, the Borrower, intending to be legally bound hereby, has duly executed this Note as of the day and year first written above.

By:

____
[Name of borrower]

Notary

State of ______________________

County of ____________________

This instrument entitled Promissory Note was acknowledged before me on _____________________ by ____.

____
Signature of Notarial Officer

(Seal)

____
Title

My commission expires:

____