

IDAHO HOUSING AND FINANCE ASSOCIATION  
AFFORDABLE HOUSING INVESTMENT TRUST FUND

DEED OF TRUST NOTE

\$2,000,000

FOR VALUE RECEIVED, Ketchum Urban Renewal Agency, an independent public body corporate and politic and urban renewal agency, (hereinafter called "Maker" or "Borrower"), having its principal office at 480 East Avenue North, Ketchum, Idaho, promises to pay to the Idaho Housing and Finance Association, a public body corporate and politic of the State of Idaho, created and existing pursuant to Idaho Code, Title 67, Chapter 62 (hereinafter called "IHFA"), having its principal office located at 565 West Myrtle Street, Boise, Idaho, 83702, P.O. Box 7899, Boise, Idaho 83707 or order the principal sum of Two Million and no/100 dollars (\$2,000,000) plus interest from the date hereof and at a rate as established herein.

Principal and interest are payable in installments as follows:

On February 1, 2008 and on the 1st day of each succeeding month thereafter, until the entire indebtedness has been paid in full, installments equal to the monthly interest accrued on the Note shall be due and payable. The interest rate for the Note shall be fixed at 4% for the first twelve-month period ending December 31, 2008. The interest rate applicable to each additional twelve-month period shall be based on the twelve-month LIBOR rate plus 100 basis points (1%) in effect on January 1, 2009, and January 1, 2010. Final payment date for all outstanding principal and interest for this Deed of Trust Note is December 11, 2010 with one extension option for up to twelve (12) months.

In the event that any payment hereunder is not made within 15 days of the due date, there shall be due, in addition to any other sums due hereunder, a sum equal to two (2) cents on each dollar so delinquent.

Maker may prepay the principal outstanding hereunder, plus accrued interest thereon, if any, in whole or in part at any time without premium or penalty. Prepayment does not excuse the Maker from compliance with the requirements of the Regulatory Agreement between Maker and IHFA dated as of December 11, 2007.

Both principal and interest shall be payable at the offices of IHFA, at the address set forth above, or such other place as IHFA may designate in writing.

If default occurs in the payment of any amortized payment due under this Note, and if such default is not cured within fifteen (15) days after notice thereof from IHFA to Maker, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this acceleration option by the holder of this Note shall not constitute a waiver of the right to exercise the same in the event of any continuing or subsequent default. In the event of default in the payment of this Note, and if the same is submitted

for collection by IHFA, its successors and assigns, the undersigned agree(s) to pay all costs of collection, including reasonable attorney's fees.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentments for payment, demand, protest and notice of dishonor.

This is the Note referred to in that certain IHFA Loan Agreement and IHFA Regulatory Agreement, between Maker and IHFA of even date herewith which Agreement shall govern the advances to Maker by IHFA of the principal sums set forth herein. Any notice required herein shall be deemed given and received as provided for in the Loan Agreement, or the Deed of Trust. For the period of time this note remains unpaid, the IHFA Regulatory Agreement will remain in effect.

SIGNED this 11th day of December 2007.

**KETCHUM URBAN RENEWAL AGENCY, an  
independent public body corporate and politic and urban  
renewal agency**

By: 

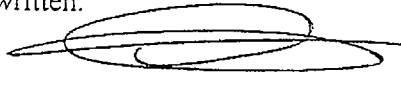
Authorized Officer

STATE OF IDAHO )  
  : ss.  
County of Blaine )

ALISON WARNER  
NOTARY PUBLIC  
STATE OF IDAHO

On this 11<sup>th</sup> day of December 2007, before me, a Notary Public in and for said State, personally appeared Randy Hall, known or identified to be an authorized officer of Ketchum Urban Renewal Agency, an independent public body corporate and politic, and acknowledged to me that he executed said instrument on behalf of said agency.

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

  
\_\_\_\_\_  
Notary Public for Idaho

Residing at: Ketchum ID

My Commission Expires: 9/18/2012

**EXHIBIT A**  
**LEGAL DESCRIPTION**

Lots 7 & 8, Block 19 of the VILLAGE OF KETCHUM, BLAINE COUNTY, IDAHO, according to the official plat thereof, recorded February 13, 1989, as Instrument No. 302967, records of Blaine County, Idaho.

**RESOLUTION NO. 07-URA21**

A RESOLUTION OF THE KETCHUM URBAN RENEWAL AGENCY AUTHORIZING A LOAN FROM IDAHO HOUSING AND FINANCE ASSOCIATION IN THE AMOUNT OF \$2,000,000 TO REFINANCE THE ACQUISITION OF CERTAIN REAL PROPERTY LOCATED AT 211 FIRST STREET EAST, KETCHUM, IDAHO (LOTS 7 AND 8, BLOCK 19, KETCHUM TOWNSITE, BLAINE COUNTY, IDAHO), FOR DEVELOPMENT OF AFFORDABLE HOUSING, PUBLIC PARKING AND OTHER PURPOSES AND AUTHORIZING THE EXECUTION OF ALL NECESSARY DOCUMENTS ON BEHALF OF THE AGENCY.

WHEREAS, the Ketchum Urban Renewal Agency (the "Agency"), an independent public body corporate and politic, is an Urban Renewal Agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, Title 50, Chapter 20, Idaho Code as amended and supplemented and the Idaho Local Economic Development Act, Title 50, Chapter 29 Idaho Code as amended and supplemented (collectively, the "Law"); and

WHEREAS, the Agency is authorized to conduct proceedings and to issue revenue bonds and notes and incur debt pursuant to the terms and provisions of the Law, for the purpose of financing urban renewal projects authorized under its Urban Renewal Plan (defined below); and

WHEREAS, the City Council of the City of Ketchum, Idaho (the "City"), after notice duly published, conducted a public hearing on October 30, 2006, on the Urban Renewal Plan for the Ketchum Urban Renewal Project (the "Urban Renewal Plan"); and

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 992 adopted on November 15, 2006, approving the Urban Renewal Plan as amended, and making certain findings; and

WHEREAS, the Agency has heretofore acquired certain real property known as Lots 7 & 8, Block 19, Ketchum Townsite (the "Property") for the development of affordable housing, public parking and other downtown redevelopment; and

WHEREAS, the acquisition of the Property is subject to a note with a current outstanding balance due of \$1,550,000 (the "Prior Obligation"); and

WHEREAS, the Agency desires to refinance the Prior Obligation with a loan (the "Loan") from the Idaho Housing and Finance Association (the "Lender") in the amount of \$2,000,000; and

WHEREAS, the Lender issued a Conditional Loan Commitment on May 16, 2007, regarding the Lender's willingness to make a land loan to refinance the Prior Obligation (the "Loan Commitment").

NOW, THEREFORE, BE IT RESOLVED, by the Chairman and the Commissioners of the Ketchum Urban Renewal Agency as follows:

SECTION 1. THE PROJECT. The Project consists of the acquisition and construction of affordable housing and public parking including without limitation the projects identified as "Affordable Workforce Housing" in Section 1.1.1 of Attachment No. 4.1.1 of the Plan, "Affordable

Workforce Housing” in Section 1.2.1 of Attachment 4.1.2 of the Plan and Project No. AWF2 2<sup>nd</sup> and Washington, all as further described in the Urban Renewal Plan. The Agency hereby authorizes and directs the appropriate officers and agents of the Agency to apply the proceeds of the Loan less amounts required for loan transactional costs in order to refinance a portion of the Project, consistent with the terms of the Loan and the Urban Renewal Plan.

SECTION 2. LOAN TERMS AND AUTHORITY TO EXECUTE. 1. The Agency is hereby authorized to enter into the Loan with the Lender pursuant to the terms and conditions set forth in the Loan Commitment in an amount of up to \$2,000,000 (TWO MILLION DOLLARS) to refinance the Prior Obligation and to finance the Project, to execute any and all documents required in connection with the said Loan including without limitation a note, deed of trust and related documents. The term of the loan shall not exceed thirty-six (36) months from closing with one extension option for up to twelve (12) months. The interest rate shall be four percent (4%) for the first twelve (12) months and shall be based on the 12-month LIBOR rate plus 100 basis points (1%) for the additional twelve-month period. The Agency hereby pledges its tax increment revenue and its right, title and interest in the Property as set forth in the loan documents to the payment of the Note and Loan. The Chairman, Vice Chairman, or Executive Director are hereby authorized to execute all necessary loan documents in order to carry out the Loan and the Secretary is hereby authorized to attest to such signature.

SECTION 3. PRIOR PROCEEDINGS RATIFIED. All proceedings, resolutions, and actions of the Agency and its officers and agents, taken in connection with the Loan contemplated herein are hereby ratified, confirmed, and approved.

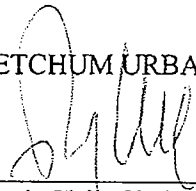
SECTION 4. PUBLICATION AND LIMITATION ON LEGAL ACTION. In accordance with the provisions of Section 50-2027, Idaho Code, as amended, a Notice of this Resolution shall be published one time in a newspaper of general circulation in the City of Ketchum, Idaho. For a period of thirty (30) days from the date of this Resolution, any person in interest may file suit in any court of competent jurisdiction to contest the regularity, formality, or legality of the proceedings, authorizing the Loan, or the legality of this Resolution and its provisions, or the provisions of the documents securing the Loan. After the expiration of such thirty day period, no one shall have any right of action to contest the validity of the Loan, or of such proceedings, or of the Resolution, or the validity of the pledges and covenants made in such proceedings, and the Resolution, and the Loan, and the provisions for payment shall be conclusively presumed to be legal, and no court shall thereafter have authority to inquire into such matters.

SECTION 5. CONFLICTING ACTIONS REPEALED. All ordinances, resolutions, orders and regulations, or parts thereof, heretofore adopted, or passed, which are in conflict with any of the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

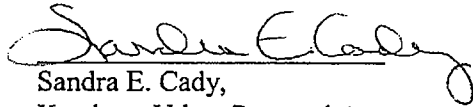
SECTION 6. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution shall be contrary to law, then such covenant or covenants, such agreement or agreements or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the remaining provisions of this Resolution or of the Loan.

SECTION 17. EFFECTIVE DATE. This Resolution will be in full force and effect upon its adoption this fifth (5<sup>th</sup>) day of November, 2007.

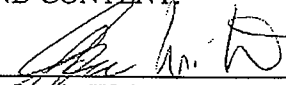
KETCHUM URBAN RENEWAL AGENCY

  
\_\_\_\_\_  
Randy Hall, Chairman

ATTEST:

  
\_\_\_\_\_  
Sandra E. Cady,  
Ketchum Urban Renewal Agency  
Secretary/Treasurer

APPROVED AS TO FORM  
AND CONTENT:

  
\_\_\_\_\_  
Benjamin W. Worst,  
Attorney for Ketchum Urban Renewal  
Agency