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Klamath County, Oregon
08/17/2015 11:37:40 AM
Fee: \$67.00

Prepared by and Return to:

G. B. Peaseley VI
Peaseley & Derryberry PLC
5310 Markel Road, Suite 205
Richmond, Virginia 23230

SHANGRI LA APARTMENTS
Klamath Falls, Oregon
FHA Project No. 126-11057

MODIFICATION OF MORTGAGE

THIS MODIFICATION OF MORTGAGE (this "Agreement") is made as of the 1st day of August, 2015, effective September 1, 2015, by and between **SHANGRI LA APARTMENTS OF KLAMATH, LLC**, a limited liability company organized and existing under the laws of the State of Wyoming, whose principal place of business is 1415 Esplanade, Klamath Falls, Oregon 97601 (the "Mortgagor"), and **OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC.**, a corporation organized under the laws of Pennsylvania having an address of 1180 Welsh Road, Suite 210, North Wales, Pennsylvania 19454 (the "Mortgagee").

WITNESSETH:

WHEREAS, the Mortgagor is the owner of certain real property located in the Klamath Falls, Oregon, on which is constructed a certain multifamily housing project known as "Shangri La Apartments" FHA Project No.126-11057 (the "Project"); and

WHEREAS, the Mortgagor previously executed that certain Mortgage Note, dated June 1, 2009, in the original principal amount of One Million Fifty Thousand Seven Hundred and 00/100 Dollars (\$1,050,700.00) (the "Note") payable to the Mortgagee. The Note is secured by that certain Mortgage dated June 1, 2009 and recorded on June 10, 2009, in the Records of Klamath County, Oregon ("Recording Office"), as Document No. 2009-008041 (the "Mortgage"), covering certain real property and improvements thereon, as described in said Mortgage; and

WHEREAS, the Note and the indebtedness evidenced thereby (the "Loan") were originally insured by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD" or the "Commissioner" as the context may require) under Section 207 pursuant to Section 223(f) of the National Housing Act, which contract of

insurance (the "Contract of Insurance") is evidenced by the Mortgage Note endorsed by an Authorized Agent of the Commissioner on June 10, 2009; and

WHEREAS, the terms of the Note are modified by Rider #2, dated of even date herewith; and

WHEREAS, Mortgagor and Mortgagee are amending the Note to reference a reduction in the interest rate on the outstanding principal balance of Nine Hundred Thirty-four Thousand One Hundred Ninety-six and 90/100 Dollars (\$934,196.90); and

WHEREAS, Mortgagor and Mortgagee desire to amend the Mortgage to reflect the reduction in the interest rate on the outstanding principal sum of the Loan.

NOW, THEREFORE, for and in consideration of the above premises, the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that the terms of the Mortgage to which this Agreement is appended are hereby amended as follows:

1. The foregoing recitals are hereby incorporated by reference as if set forth fully in the Mortgage. All capitalized terms not defined in this Agreement shall have the same meanings as described thereto in the Mortgage.
2. The interest rate set forth in the fourth paragraph of page two (2) of the Mortgage is reduced from Five and three quarters per centum (5.75%) per annum to Four and three quarters per centum (4.75%) per annum, effective as of September 1, 2015.
3. Nothing in this Agreement shall waive, compromise, impair or prejudice any right HUD may have to seek judicial recourse for any breach of the HUD Regulatory Agreement that may have occurred prior to or that may occur subsequent to the date of this Agreement. In the event that HUD initiates an action for breach of the HUD Regulatory Agreement and recovers funds, either on behalf of HUD or on behalf of the Project or the Mortgagor, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due under the Mortgage as modified by this Agreement or as a partial payment of the Loan.
4. Nothing herein contained shall in any way impair the Note, as amended by Rider #2 to Note, or the security now held for the indebtedness evidenced by the Note, as amended by Rider #2 to Note, or alter, waive, annul, vary or affect any provision, covenant or condition of the Mortgage, except as specifically modified and amended herein, nor affect or impair any rights, powers or remedies of the Beneficiary under the Note, as amended by Rider #2 to Note, the Mortgage, as amended by this Agreement, nor create a novation or new agreement by and between the parties thereto, it being the intent of the parties to this Agreement that all of the terms, covenants, conditions and agreements of the Note, as amended by the Rider #2 to Note, the Mortgage, as amended by this Agreement, are expressly approved, ratified and confirmed, shall continue and remain in full force and effect except as modified hereby and that the lien of the Mortgage and the priority thereof shall be unchanged.

5. Mortgagor hereby acknowledges and affirms to Mortgagee that as of the effective date of this Agreement, there are no counter-claims, defenses or set-offs, whether legal or equitable, to Grantor's obligations under either the Mortgage or the Note as so amended, and Mortgagor hereby waives the right to assert or raise any such counter-claims, defenses or set-offs which Mortgagor may have had with respect to any suit, proceeding or foreclosure action under the Mortgage that the Mortgagee, or any of its predecessors in interest in and to the Loan, may or could have brought against Mortgagor prior to the effective date of this Agreement.

6. Notwithstanding anything herein contained, if any one or more of the provisions of this Agreement shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

7. The Mortgage, as amended by this Agreement, may not be further modified except by an instrument in writing executed by each of the parties hereto.

8. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

9. This Agreement may be executed in any number of counterparts and all counterparts shall be construed together and shall constitute but one Agreement.

10. Mortgagor and Mortgagee acknowledge and agree that the terms of this Agreement are subject to the approval of the Commissioner, which approval shall be evidenced by the written consent of the Commissioner affixed to this Agreement. The Mortgagor and Mortgagee further acknowledge and agree that the terms of this Agreement and the transaction evidenced by this Agreement shall not be deemed effective unless and until the Commissioner executes the consent as aforesaid.

[SIGNATURES APPEAR ON SUCCEEDING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names as of the day and year hereinabove first written.

I affirm, under penalties for perjury, that I have taken reasonable care to redact each Social Security Number, if any, unless required by law.

MORTGAGOR:

Shangri La Apartments of Klamath, LLC, a
Wyoming limited liability company

By: 
Mathew K. McVay, Manager

STATE OF OREGON §
 §
COUNTY OF KLAMATH §

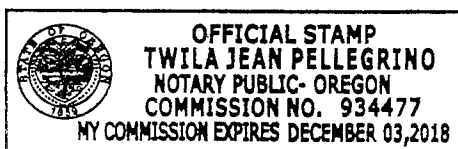
On this 6th day of August, 2015, personally appeared the above-named Mathew K. McVay, manager of Shangri La Apartments of Klamath, LLC, a Wyoming limited liability company duly authorized, and acknowledged the foregoing instrument to be the voluntary act and deed of said limited liability company.

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


Notary Public in and for County and State

My Commission Expires:

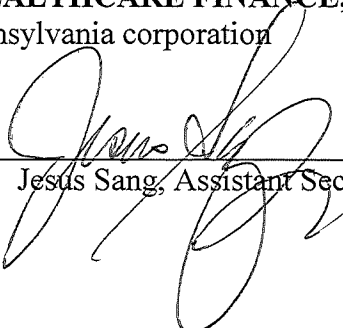
Klamath County
State of Oregon



MORTGAGEE:

I affirm, under penalties for perjury, that I have taken reasonable care to redact each Social Security Number, if any, unless required by law.


**OPPENHEIMER MULTIFAMILY HOUSING
& HEALTHCARE FINANCE, INC.,**
a Pennsylvania corporation

By: 
Jesus Sang, Assistant Secretary

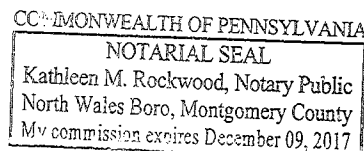
STATE OF PENNSYLVANIA §
 §
COUNTY OF MONTGOMERY §

On this 5th day of August, 2015, before me, the undersigned Notary Public, personally appeared Jesus Sang, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing Modification of Mortgage as the Assistant Secretary of Oppenheimer Multifamily Housing & Healthcare Finance, Inc., a Pennsylvania corporation, and acknowledged that he executed the same as the act of said company for the purposes therein contained.

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


Notary Public in and for County and State

My Commission Expires:



APPROVED:

**U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT, ACTING BY AND THROUGH
THE FEDERAL HOUSING COMMISSIONER**

By: Kristine Petrillo / acty MPA PC Director
Authorized Agent

STATE OF Oregon §
COUNTY OF Multnomah §

Before me, Katherine R. Houle a Notary Public in and for the said State, on this 14th day of August, 2015, personally appeared Kristine Petrillo, who is well known to me to be the Acting Director of Portland Program Center and the person who executed the foregoing instrument by virtue of the authority vested in him/her by Section 7(d) of the Department of Housing and Urban Development Act, 42 U.S.C.A. §3535(d), as amended, and Section 207(b) of the National Housing Act, 12 U.S.C.A. §1713(b), as amended, and I having first made known to him/her the contents thereof, he/she did acknowledge the signing thereof to be his/her free and voluntary act and deed on behalf of the Secretary of Housing and Urban Development, for the uses, purposes and considerations therein set forth.

Witness my hand and official seal the 14th day of August, 2015.



Katherine R. Houle
Notary Public

My Commission expires:

7-30-2018