



AGREEMENT

This Agreement ("Agreement") made and entered into this 3rd day of December, 2013, by and between the City of Lawrence, Kansas, a municipal corporation ("City"), and Lawrence Community Shelter, Inc., a Kansas not-for-profit corporation ("Shelter").

WHEREAS, Shelter is a community organization created and operated for the purpose of providing food, shelter, counseling, job opportunity training, and other basic and essential services for the homeless;

WHEREAS, Shelter has purchased, and now occupies, a facility designed to assist the homeless, located at 3701 Franklin Circle, Lawrence, Kansas ("Facility");

WHEREAS, to acquire Facility, Shelter obtained a construction loan from Peoples Bank, upon which there remains an unpaid principal balance of \$627,098.82, together with interest thereon at the rate of 5% per annum from the 4th day of December, 2013;

WHEREAS, there is an immediate need to make repairs to the roof of the main Facility building; and

WHEREAS, Shelter has requested the City to make it a loan in the principal amount of \$725,000.00, the proceeds of which shall be used exclusively for the City's purchase of the Mortgage and Promissory Note made by Shelter now held and owned by Peoples Bank, Exhibits A and B hereto. The balance of city's loan of \$725,000.00 will be used by Shelter to acquire roof repairs to its main building, which amount shall not exceed \$97,901.18.

NOW THEREFORE, the parties agree, each with the other, that City will loan to Shelter an amount not to exceed \$725,000.00, in consideration of and subject to the following terms and conditions:

1. The recitals stated above are by reference incorporated herein and made a part of the Agreement.

2. The loan shall be made in two separate checks to be issued by City, to-wit: One check made payable to Commerce Title as closing agent in the amount of \$627,098.82 for payment to Peoples Banks; a second check made payable jointly to the order of Shelter and the company which shall be the lowest responsible bidder for the making of the roof repairs to Shelter's main building, said amount not to exceed \$97,901.18.

3. **IT IS EXPRESSLY UNDERSTOOD AND AGREED** by the parties hereto that City will purchase and acquire from Peoples Bank, by a written and recordable assignment of mortgage, all of Peoples Bank's right, title, interest, and ownership in and

to said Mortgage and the Promissory Note of even date, Exhibits A and B hereto, for an amount not to exceed \$627,098.82.

Upon receipt of the assignment of said mortgage, City shall have all of the same rights, privileges, and powers under said Mortgage and Promissory Note as granted to Peoples Bank by Shelter.

4. **IT IS FURTHER UNDERSTOOD AND AGREED** by and between the parties that the amount and schedule of repayment of the loan by City to Shelter are different from those set forth in the Promissory Note, Exhibit "B" hereto, and are hereby agreed to by the parties, as follows:

a. Shelter shall pay to City the sum of \$225,000.00 on or before October 31, 2014, which said amount shall have been interest free if fully and timely paid. Should Shelter fail to timely re-pay the full amount of \$225,000.00, said sum shall bear and draw interest at the rate of 2% per annum from the original loan date until principal and interest are fully paid, all of which shall be in addition to the regular monthly payments of principal and interest set forth in numbered paragraph 4(b) hereof.

b. Other than the \$225,000.00 to be paid by Shelter by October 31, 2014, Shelter shall pay to City the principal amount of \$500,000.00, together with interest thereon at the rate of 2% per annum on the unpaid principal amount existing from time to time, in 180 equal monthly payments of \$1,848.00 each, commencing January 10, 2014, and continuing on the same day of each month thereafter, until December 10, 2028, at which time the entire unpaid balance of principal and interest on the original principal loan amount of \$725,000.00, shall be paid in a lump sum to City. It is expressly understood and agreed that the \$1,848.00 monthly payments are based on a payment over 30 years, rather than 15 years.

c. Notwithstanding the change in the amount and the schedule of repayment of the loan by City to Shelter, all other terms, conditions, obligations, and rights set forth in the Promissory Note, Exhibit B hereto, shall remain in full force and effect until the loan by City to Shelter has been fully repaid or otherwise satisfied, unless amended, altered, changed, modified or removed by the terms and conditions of that certain Amended Promissory Note, "Amended Note", made and executed by the Shelter, as Borrower, in favor of the City, as Lender, dated December 4, 2013, a copy of which is attached hereto as Exhibit C.

5. As an express condition to the making of the loan by City to Shelter, Shelter understands and agrees that, until the full amount of principal and interest due under the Agreement is paid in full, Shelter shall not sell or lease, encumber, or seek to encumber, by way of a mortgage or any other method, that certain real estate or improvements thereto or appurtenances thereon, situated in Douglas County, Kansas, commonly known and referred to as 3701 Franklin Park Circle, Lawrence, Kansas, to-wit:

LOT 1, FRANKLIN PARK ADDITION NO. 2, AN ADDITION
TO THE CITY OF LAWRENCE, DOUGLAS COUNTY,
KANSAS,

without having first obtained approval therefor from City in a writing duly made, executed, and acknowledged by the appropriate City official(s).

6. In the event Shelter shall fail to fully and timely make any payment of principal or interest when due by the terms hereof, City shall have the right to withhold said amount of any allocations of public funding money made or to be made by City for the benefit of Shelter. The amount of such withholding(s) shall first be applied to accrued and unpaid interest with the balance remaining, if any, to be applied to the existing principal balance.

7. Shelter shall have the right, without penalty, to accelerate full and final payment of principal and interest due City hereunder.

8. The District Court of Douglas County, Kansas, Lawrence, Kansas, shall be the sole court of jurisdiction to hear unresolved legal disputes which may arise between the parties; and that arbitration is not a means by which disputes can or will be resolved, notwithstanding language in the Promissory Note, Exhibit "B", to the contrary.

9. It is expressly understood and agreed by the parties that the making of the loan by City to Shelter does not in any manner, create a relationship, legal or otherwise, between the parties other than that of creditor and debtor.

10. The parties represent, each to the other, that the Agreement is being entered into and executed with the express authority of their respective governing bodies, and will be filed of record in the office of the register of deeds, Douglas County, Kansas.

[SIGNATURE PAGES FOLLOW]

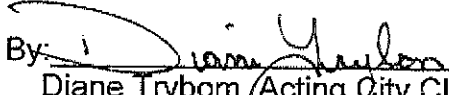
IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be signed on its behalf on the date(s) shown, with the last date to be the effective date of the Agreement.



City of Lawrence, Kansas
a Municipal Corporation


Michael Dever, Mayor

ATTEST:

By: 
Diane Trybom, Acting City Clerk

ACKNOWLEDGMENT

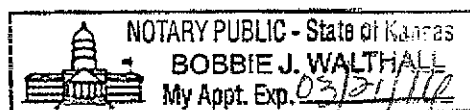
STATE OF KANSAS)
) ss:
COUNTY OF DOUGLAS)

The foregoing Agreement was acknowledged before me this 3 day of December 2013, by Michael Dever, Mayor, on behalf of City of Lawrence, a Kansas, a municipal corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.


Notary Public

My commission expires:

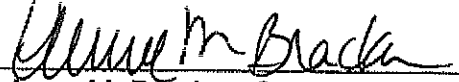


Lawrence Community Shelter, Inc.,
a Kansas Not-for-Profit Corporation



John Tacha, Board President of the
Lawrence Community Shelter, Inc.

ATTEST:

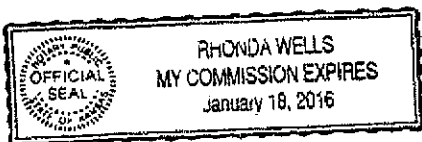
By: 
Anne M. Bracker, Secretary

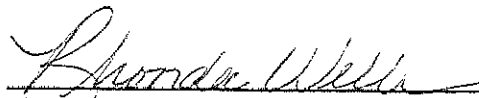
ACKNOWLEDGMENT

STATE OF KANSAS)
) ss:
COUNTY OF DOUGLAS)

The foregoing Agreement was acknowledged before me this 2nd day of December, 2013, by John Tacha, Board President of the Lawrence Community Shelter, on behalf of Lawrence Community Shelter, Inc., a Kansas Not-for-Profit Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.




Notary Public

My commission expires: 1-18-2016

67100460

EXHIBIT A

17-283



Douglas County Register of Deeds
 Book: 1081 Page: 3802-3809
 Receipt #: 422360
 Pages Recorded: 8
 Cashier Initials: rec
 Recording Fee: \$36.00
 Mortgage Registration Tax: \$2,972.32
 Mortgage Amount: \$1,143,199.00
 Authorized By: *Ken Parnell*
 Date Recorded: 12/8/2011 4:35:21 PM



RECORDATION REQUESTED BY:

PEOPLES BANK, Lawrence Wakarusa, 4831 West 6th Street, Lawrence, KS 66049

WHEN RECORDED MAIL TO:

PEOPLES BANK, Lawrence Wakarusa, 4831 West 6th Street, Lawrence, KS 66049

SEND TAX NOTICES TO:

PEOPLES BANK, Lawrence Wakarusa, 4831 West 6th Street, Lawrence, KS 66049

FOR RECORDER'S USE ONLY



MORTGAGE

MAXIMUM LIEN. The lien of this Mortgage shall not exceed at any one time \$1,143,199.00.

THIS MORTGAGE dated December 8, 2011, is made and executed between The Lawrence Community Shelter, Inc. (referred to below as "Grantor") and PEOPLES BANK, whose address is 4831 West 6th Street, Lawrence, KS 66049 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and warrants to Lender the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Douglas County, State of Kansas:

Lot One, Franklin Park Addition No. 2, an addition to the City of Lawrence, Douglas County, Kansas.

The Real Property or its address is commonly known as 3701 Franklin Park Circle, Lawrence, KS 66046.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

REVOLVING LINE OF CREDIT. This Mortgage secures the indebtedness including, without limitation, a revolving line of credit, which obligates Lender to make advances to Grantor so long as Grantor complies with all the terms of the Note.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS ALSO GIVEN TO SECURE ANY AND ALL OF GRANTOR'S OBLIGATIONS UNDER THAT CERTAIN CONSTRUCTION LOAN AGREEMENT BETWEEN GRANTOR AND LENDER OF EVEN DATE HERewith. ANY EVENT OF DEFAULT UNDER THE CONSTRUCTION LOAN AGREEMENT, OR ANY OF THE RELATED DOCUMENTS REFERRED TO THEREIN, SHALL ALSO BE AN EVENT OF DEFAULT UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of

Book: 1081 Page: 3803

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 2

Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Kansas law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such

Book: 1081 Page: 3804

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 3

improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

TAX AND INSURANCE RESERVES. Subject to any limitations and consistent with any requirements set by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by an initial deposit and subsequent monthly payments, or payments at such other interval as payments under the Note may be due, of a sum estimated by Lender to be sufficient to pay the total annual taxes, assessments, and insurance premiums Lender reasonably anticipates to be paid from these reserves. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Mortgage shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not Grantor's agent for payment of the taxes and assessments required to be paid by Grantor.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, true and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and

Book: 1081 Page: 3905

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 4

Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES. The following provisions relating to further assurances are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to affect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Book: 1081 Page: 3806

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 5

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right to collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use taxes directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage,

Book: 1081 Page: 3807

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 6

Lender shall be entitled to recover Lender's reasonable expenses that Lender incurs in realizing on the Property. Whether or not any court action is involved, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, and any court costs and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Mortgage or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Mortgage shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Kansas.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Douglas County, State of Kansas.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Sale or Assignment of Mortgage. Grantor hereby waives any rights Grantor may have under Kansas law to be notified if Lender sells or assigns this Mortgage.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension

Book: 1081 Page: 3008

Loan No: 50010608

**MORTGAGE
(Continued)**

Page 7

without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Right of Redemption. Grantor hereby waives, to the extent permitted by Kansas law, any and all rights of redemption on Grantor's behalf and on behalf of any other persons permitted to redeem the Property.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means The Lawrence Community Shelter, Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means The Lawrence Community Shelter, Inc..

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof, asbestos, mining waste, drilling fluids and other wastes associated with the exploration, development and production of crude oil, fly ash, bottom ash, slag and flue emissions, and cement kiln dust.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means PEOPLES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated December 8, 2011, in the original principal amount of \$1,143,199.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Book: 1081 Page: 3809

Loan No: 50010608

MORTGAGE
(Continued)

Page 8

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

THE LAWRENCE COMMUNITY SHELTER, INC.

By: John A. Tacha
John Tacha, Board President of The Lawrence Community Shelter,
Inc.

CORPORATE ACKNOWLEDGMENT

STATE OF Kansas
COUNTY OF Douglas SSOn this 8th day of December, 20 11, before me, the undersigned officer, personally appeared John Tacha, Board President of The Lawrence Community Shelter, Inc., who acknowledged himself or herself to be an authorized agent of The Lawrence Community Shelter, Inc., a corporation, and that he or she, as such agent, being authorized so to do, executed the foregoing Mortgage for the purposes therein contained, by signing the name of the corporation by himself or herself as such agent.

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

By: Meika O. Wash
Notary Public in and for the State of KSResiding at LawrenceMy Appointment expires 12/31/12



PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$1,143,199.00	12-08-2011	12-15-2014	50010608	332		MKW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: The Lawrence Community Shelter, Inc.
214 10th St.
Lawrence, KS 66044

Lender: PEOPLES BANK
Lawrence Wakarusa
4831 West 6th Street
Lawrence, KS 66049

Principal Amount: \$1,143,199.00

Date of Note: December 8, 2011

PROMISE TO PAY. The Lawrence Community Shelter, Inc. ("Borrower") promises to pay to PEOPLES BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million One Hundred Forty-three Thousand One Hundred Ninety-nine & 00/100 Dollars (\$1,143,199.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.000% per annum based on a year of 360 days. Interest shall be calculated from the date of each advance until repayment of each advance. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in accordance with the following payment schedule:

Borrower will pay this loan in accordance with the following payment schedule. Borrower will pay monthly payments of all accrued interest due as of each payment date beginning January 15, 2012. In addition Borrower will pay 2 annual principal only payments equal to one third of the principal balance after construction has been completed beginning December 15, 2012 and on the same day of each year after that. Borrower will pay one final payment due December 15, 2014 for all principal and interest not yet paid, together with any other unpaid amounts on this loan.

Unless otherwise agreed or required by applicable law, payments will be applied first to any late charges; then to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: PEOPLES BANK, Lawrence Wakarusa, 4831 West 6th Street, Lawrence, KS 66049.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 3.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Foreclosure Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Note if Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Kansas.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Douglas County, State of Kansas.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

PROMISSORY NOTE
(Continued)

Loan No: 50010608

Page 2

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by A. A Mortgage dated December 8, 2011 granting a security interest in Real Property located at 3701 Franklin Park Circle, Lawrence, Kansas.

B. A Deed of Trust dated December 8, 2011 granting a security interest in Real Property located at 3012 14th Street Northeast, Washington, D.C.

C. A Commercial Security Agreement dated December 8, 2011 granting a security interest in all business assets.

LINE OF CREDIT. This Note evidences a revolving line of credit. The following person or persons are authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: John Tachs, Board President of The Lawrence Community Shelter, Inc. Advances made per the terms of the Construction Loan Agreement. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

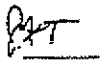
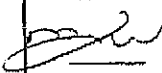
ADDITIONAL TERMS. Assumption: Someone buying the Property securing the obligation cannot assume the remainder of the obligation on the original terms. In addition, Lender has also reserved a contractual right of setoff on my deposit accounts.

RE-APPRAISAL AND RE-MARGIN. Re-Appraisal. Borrower(s) agrees that at anytime the Lender in good faith determines that it is reasonable according to standard banking practice to update information regarding the fair market value of the collateral (by ordering a new appraisal or otherwise) which secures present debt, including without limitation that the loan becomes criticized and/or classified by bank regulators, external auditors and/or internal auditors, Borrower(s) agree to allow the Lender and its appraisers and other agents to conduct an appraisal of any and all collateral and Borrower(s) agree(s) to pay the cost of such re-appraisal. Failure of Borrower(s) to comply with the terms and conditions of this subparagraph shall be considered a material default in the terms and conditions of this Agreement.

Re-Margin Requirement. in the event that the Lender determines in good faith using safe and sound banking practice that the appraised fair market value of the collateral declines as evidenced by an updated appraisal or otherwise, Borrower(s) agrees to improve the debt to collateral value ratio to the ratio required by Lender policy using safe and sound banking practice by any combination of (1) payment by Borrower(s) of funds to Lender in order to reduce the principal amount of the present debt and/or (2) the addition of collateral in an amount determined sufficient by the Lender to establish the proper loan-to-value ratio according to Lender policy using safe and sound banking practice. Failure of the Borrower(s) to comply with the terms of this subparagraph shall be considered a material default in terms and conditions of this Agreement.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

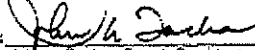
Borrower's Initials 	NO ORAL AGREEMENTS. This written agreement is the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement between Lender and Borrower.
Lender's Initials 	NONSTANDARD TERMS. The following space contains all nonstandard terms, including all previous oral agreements, if any, between Lender and Borrower:
By initialing the boxes to the left, Lender and Borrower affirm that no unwritten oral agreement exists between them.	

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

THE LAWRENCE COMMUNITY SHELTER, INC.

By: 
John Tachs, Board President of The Lawrence Community Shelter, Inc.

PROMISSORY NOTE
(Continued)

Loan No: 50010608

Page 3

LENDER:

PEOPLES BANK

X. Maloy K. Wilkins, Community President

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 01-11-2011 BY 60322 UCBAW

EXHIBIT B(1)



00000000050010608096008262013



CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$622,774.00	08-26-2013	12-15-2014	50010608	332		BCC	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: The Lawrence Community Shelter, Inc.
214 10th St.
Lawrence, KS 66044

Lender: PEOPLES BANK
Lawrence Wakarusa
4831 West 6th Street
Lawrence, KS 66049

Principal Amount: \$622,774.00

Date of Agreement: August 26, 2013

DESCRIPTION OF EXISTING INDEBTEDNESS. Promissory Note Number 50010608 originated December 8, 2011, in the amount of \$700,000.00.

DESCRIPTION OF COLLATERAL. A. A Mortgage dated December 8, 2011 granting a security interest in Real Property located at 3701 Franklin Park Circle, Lawrence, Kansas.
B. A Deed of Trust dated December 8, 2011 granting a security interest in Real Property located at 3012 14th Street Northeast, Washington, D.C.
C. A Commercial Security Agreement dated December 8, 2011 granting a security interest in all business assets.

DESCRIPTION OF CHANGE IN TERMS. Change in Terms to lower the interest rate from 6.00% to 5.00% effective April 1, 2013. All other terms and conditions to remain the same.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

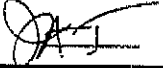

ADDITIONAL TERMS:. Assumption: Someone buying the Property securing the obligation cannot assume the remainder of the obligation on the original terms. In addition, Lender has also reserved a contractual right of setoff on my deposit accounts.

ARBITRATION. This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you wherever they occur (promissory notes, security agreements, guarantees, trust deeds or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the Dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

CHANGE IN TERMS AGREEMENT (Continued)

Loan No: 50010608

Page 2


Borrower's Initials 	NO ORAL AGREEMENTS. This written agreement is the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement between Lender and Borrower. NONSTANDARD TERMS. The following space contains all nonstandard terms, including all previous oral agreements, if any, between Lender and Borrower:
Lender's Initials 	By initialing the boxes to the left, Lender and Borrower affirm that no unwritten oral agreement exists between them.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

THE LAWRENCE COMMUNITY SHELTER, INC.

By:


 John Tacha, Board President of The Lawrence Community Shelter, Inc.

LENDER:

PEOPLES BANK

X


 Bryan C. Culver, Business Relationship Officer

EXHIBIT C

AMENDED PROMISSORY NOTE

\$725,000.00December 4, 2013

THIS AMENDED PROMISSORY NOTE is made and entered into by an between Lawrence Community Shelter, Inc. ("Borrower"), and the City of Lawrence, Kansas, a municipal corporation ("Lender"), for the purpose of stating and clarifying the rights, duties and obligations of Borrower and Lender following Lender's purchase and acquisitions of that certain mortgage dated December 8, 2011, which was made and executed by Lawrence Community Shelter, Inc., as Mortgagor, and Peoples Bank, as Mortgagee; together with that certain Promissory Note dated December 8, 2011, in the principal amount of \$1,143,199.00 which was made and executed by Lawrence Community Shelter, Inc., as Borrower, and Peoples Bank, as Lender, as amended by the Change in Terms Agreement dated August 26, 2013, and executed by the Lawrence Community Shelter, Inc., as Borrower, and Peoples Bank, as Lender, Exhibits "A" and "B" and B(1) hereto, respectively.

1. **FOR VALUE RECEIVED**, the undersigned Lawrence Community Shelter, Inc., a Kansas not-for-profit corporation ("Borrower"), having its principal office and place of operations at Lawrence, Douglas County, Kansas. PROMISES TO PAY to the order of the City of Lawrence, Kansas, a municipal corporation ("Lender"), at its offices at 6 East 6th Street, Lawrence, Kansas, the principal sum of Seven Hundred Twenty-five Thousand dollars (\$725,000.00), together with interest thereon as herein stated:

(a.) The principal sum of Two Hundred Twenty-five Thousand dollars (\$225,000.00) shall be paid by Borrower to Lender by October 31, 2014, which said amount shall have been interest free if fully and timely paid. Should Borrower fail to timely re-pay the full amount of Two Hundred Twenty-five Thousand dollars (\$225,000.00) said sum shall bear and draw interest at the rate of 2% per annum from the original loan date until all principal and interest are fully paid, all of which shall be in addition to the regular monthly payments of principal interest set forth in numbered paragraph 1(b.) hereof.

(b.) Other than the \$225,000.00 to be paid by Borrower by October 31, 2014, Borrower shall pay to Lender the principal amount of \$500,000.00, together with interest thereon at the rate of 2% per annum on the unpaid principal amount existing from time to time, in 180 equal monthly payments of \$1,848.00 each, commencing January 10, 2014, and continuing on the same day of each month thereafter, until December 10, 2028, at which time the entire unpaid balance of principal and interest on the original principal loan amount of \$725,000.00, shall be paid in a lump sum to Lender. It is expressly understood and agreed that the \$1,848.00 monthly payments are based on a payment over 30 years, rather than 15 years.

(c.) Notwithstanding the change in the amount and the schedule of repayment of the loan by Lender to Borrower, all other terms, conditions, obligations, and rights set

forth in the Promissory Note, Exhibit "B" hereto and the Change in Terms Agreement, Exhibit B(1) hereto, shall remain in full force and effect until the loan by Lender to Borrower has been fully repaid or otherwise satisfied, unless changed modified or eliminated by the terms of this amended Promissory Note.

2. Application of Payments. All payments hereunder will be first applied to penalties then due, then to accrued and unpaid interest, with the balance remaining, if any, to be applied to principal.

3. This note may be prepaid, in full or in part at any time without premium or penalty.

4. Default. Each of the following shall constitute an event of default ("Event of Default") under this Amended Promissory Note:

Payment Default. Borrower fails to make any payment when due under this Amended Promissory Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Amended Promissory Note or in any of the related documents or to comply with or to perform any term obligation, covenant or condition contained in any other agreement between the Lender and Borrower.

Default in Favor of Third Parties. Borrower or any grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Amended Promissory Note or perform Borrower's obligations under this Amended Promissory Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Amended Promissory Note or the related documents that is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Amended Promissory Note is impaired.

5. Lender's Rights. Upon default, Lender may declare the entire unpaid principal balance under this Amended Promissory Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

6. Attorneys' Fees; Expenses. Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Amended Promissory Note if Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Amended Promissory Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

7. Jury Waiver. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.



8. Governing Law. The District Court of Douglas County, Kansas, Lawrence, Kansas, shall be the sole court of jurisdiction to hear unresolved legal disputes which may arise between the parties; and that arbitration is not a means by which disputes can or will be resolved, notwithstanding language in the Promissory Note.

9. Collateral. Borrower acknowledges this Amended Promissory Note is secured by a Mortgage dated December 8, 2011, granting a security interest in real estate located at and identified as 3701 Franklin Park Circle, Lawrence, Kansas.

10. Assumption. Someone buying the Property securing this Amended Promissory Note securing the obligation cannot assume the remainder of the obligation.

11. Waiver. Demand, presentment for payment, protest, notice of protest, dishonesty and non-payment and any and all lack of diligence or delays in collection of enforcement of this Amended Promissory Note are hereby waived by Borrower.

12. Successor Interests. The terms of this Amended Promissory Note shall be binding and obligatory upon Borrower and its successors and assigns, personal representatives and heirs, and shall inure to the benefit of Lender and its successors and assigns.

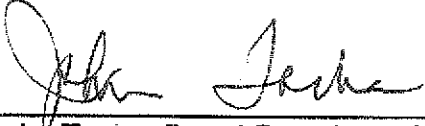
Borrower's Initials 	No oral agreements. This written agreement is the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement between Lender and Borrower. By initialing the boxes to the left, Lender and Borrower affirm that no unwritten oral agreement exists between them.
Lender's Initials 	

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THIS REVISED PROMISSORY NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS REVISED PROMISSORY NOTE.

BORROWER:

THE LAWRENCE COMMUNITY SHELTER, INC.

A handwritten signature in cursive script, appearing to read "John Tacha", written over a horizontal line.

By: John Tacha, Board President of the Lawrence Community Shelter, Inc.

LENDER:

CITY OF LAWRENCE, KANSAS

A handwritten signature in cursive script, appearing to read "Michael Dever", written over a horizontal line.

By: Michael Dever, Mayor