

PREPARED BY: Community Development Division  
 City of Rapid City  
 300 Sixth Street  
 Rapid City, SD 57701  
 (605) 394-4181

STATE OF SOUTH DAKOTA        )  
   ) SS.        **CITY OF RAPID CITY INDENTURE**  
 COUNTY OF PENNINGTON        )                **OF RESTRICTIVE COVENANTS**

THIS INDENTURE, dated this \_\_\_\_ day of June, 2007, by and between Behavior Management Systems, Inc. ("Owner"),

AND

the CITY OF RAPID CITY, a municipal corporation of the State of South Dakota, with principal offices at 300 6<sup>th</sup> Street, Rapid City, South Dakota 57701 (the "City").

WITNESSETH:

WHEREAS, the Owner holds title to property located at 121 North Street, Rapid City, South Dakota, 57701, and legally described as:

North 132 feet of Lots 5-16 and North 132 feet of E1/2 Vacated street abutting Lot 16, Block 9, Original Town of Rapid City, Section 36, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota

WHEREAS, based on Owner's representations, Owner has received, pursuant to Section 42 of the Code, an allocation of Community Development Block Grant Funds in the amount of Twelve Thousand Three Hundred and no/100 Dollars (\$12,300.00) from the City which allocation is subject to Owner executing, delivering and recording in the official land deed records of Pennington County this Indenture that creates certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the United States Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, Owner under this Indenture, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project for the term stated herein and binding upon all subsequent owners of the Project for such term.

NOW, THEREFORE, the parties hereto, intending to be legally bound, to hereby agree as follows:

ARTICLE I  
DEFINITIONS

All words and phrases defined in Section 42 of the United States Code and in the Regulations (as such term is herein defined) pertaining thereto promulgated by the U.S. Department of Treasury of the U.S. Department of Housing and Urban Development shall have the same meanings in this Indenture.

ARTICLE II  
OWNER'S REPRESENTATIONS AND WARRANTIES

- A. Owner is and shall continue to be duly organized under the laws of the State of South Dakota as the type of entity it represents itself to be and authorized to perform the activities contemplated by the Project Financing.
- B. All statements and representations made by Owner to the City in connection with the Community Block Grant Funding allocation or relating to the Project were true and correct in all material respects when made by the Owner.
- C. Owner has and shall continue to have good and marketable title to the Project.
- D. Owner acknowledges that the Project is and shall remain in accordance with Section 42 of the United States Code and the regulations (proposed, temporary and final), which shall include, but are not limited to compliance monitoring regulations, promulgated by the United States Treasury Department thereunder, as well as all public rulings, notices, procedures, announcements, and bulletins issued by the Internal Revenue Service (collectively, the "Regulations") for the term of this Indenture. Owner will not knowingly take or permit to be taken any action which would, either directly or indirectly, subject Owner or the Project to non-compliance with Section 42 of the United States Code or the Regulations.
- E. During the term of this Indenture, Owner agrees and warrants that Behavior Management Systems, Inc. facility is and will remain suitable for occupancy and the agreed upon use thereof. In addition, Owner agrees and warrants that the use of such facility will comply with Section 42 of the United States Code.
- F. Owner warrants that it has not and will not execute any other agreement with provision contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Indenture are paramount and controlling as to the rights and obligations set forth, and supersede any other requirements in conflict herewith.

ARTICLE III  
USE RESTRICTIONS

Owner represents, warrants and covenants throughout the term of this Indenture that the land and facility purchased with CDBG funds will be used in accordance with Section 42 of the United States Code. Further, Owner agrees that the use of such property may not change from that for which the acquisition was made unless the Owner provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either (1) the new use of such property qualifies as meeting one of the national objectives in Volume 24 of the

Code of Federal Regulations, Section 570.208 (24 CFR §570.208), or (2) if the Owner determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under 24 CFR, Section 570.208, it may retain or dispose of the property for the changed use if the Owner's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

ARTICLE IV  
TERM OF INDENTURE

- A. Except as otherwise provided herein, the term of this Indenture (consistent with Section 42(h)(5)(D) of the United States Code) shall begin on the first day of the compliance period specified in Section 42 of the United States Code and shall terminate ten (10) years after the first day of the compliance Period (such period being herein referred to as the "Compliance Period" of the "Extended Use Period"):
- B. Notwithstanding paragraph A above, Owner shall comply with the requirement of Section 42 relating to the Compliance Period, provided, however, the Compliance Period for any building that is part of the Project shall terminate on the date the Project is acquired by foreclosure or transferred by a deed or other instrument in lieu of foreclosure unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with Owner a purpose of which is to terminate such Compliance Period.

ARTICLE V  
OWNER'S COVENANTS

- A. Owner further acknowledges and agrees that this Indenture shall inure to the benefit of those individuals who are dually diagnosed with mental illness and/or chronic substance abuse, and can benefit from the rehab to the bathrooms to meet ADA accessibility requirements by Behavior Management Systems, Inc..
- B. Owner shall not discriminate on the basis of race, creed, color, gender, age, handicap, marital status, national origin, family status or religion in the lease, sale, rental, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project or in connection with any improvements to be erected thereon or in connection with maintenance of the Project.
- C. If Owner becomes aware of any situation, event or condition that would result in non-compliance with Section 42 of the United States Code or the Regulations, Owner shall promptly submit written notice thereof to the City.
- D. Owner, for itself, its successors and assigns, agrees that the terms, conditions and restrictions of this Indenture shall be covenants running with the land, and that in any deed of conveyance of the Project or any part thereof, said terms, conditions and restrictions shall be incorporated by reference to this Indenture and the record hereof as fully as the same are contained herein for the Compliance Period as defined herein.
- E. Subject to the requirements of Section 42 of the United States Code and this Indenture, Owner may sell, transfer or exchange the entire Project at any time, but, unless the

Compliance Period has terminated in accordance with Article IV hereof, Owner (and its successors and assigns) shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject in the requirements of this Indenture and to the requirements of Section 42 of the United States Code and Regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project.

- F. Owner agrees to notify the City in writing of any sale, transfer or exchange of the Project.

ARTICLE VI  
ENFORCEMENT OF PROVISIONS

Owner acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Indenture are to assure compliance of the Project and Owner (and its successors and assigns) with Section 42 of the United States Code and the Regulations. Owner, in consideration for receiving Thirty Thousand and no/100 dollars Dollars (\$30,000.00) of Community Block Grant Funding, hereby agrees and consents that the (i) City of Rapid City, and/or the United States of America shall be entitled to enforce specific performance by Owner, its successors and assigns, or Article III of this Indenture in addition to all other remedies provided by law or in equity with regard to any breach of said Article III.

ARTICLE VII  
MISCELLANEOUS

- A. This indenture shall not be amended without the prior written agreement of the parties hereto.
- B. The City of Rapid City or its agents shall have the right of entry and inspection for the Project and shall have access to inspection and reproduction of all records, books and accounts for the project during regular business hours.
- C. The invalidity of any clause, part or provision of this Indenture shall not affect the validity of the remaining portions thereof.
- D. This Indenture and all matters relating thereto shall be governed by and construed and interpreted in accordance with the laws of the State of South Dakota and, where applicable, the laws of the United States of America. Further, any litigation between the parties arising out of this Indenture and all matters relating thereto shall be heard in the Seventh Circuit Judicial Court for the State of South Dakota located in Rapid City, South Dakota.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed on the date first written above.

CITY OF RAPID CITY

By: \_\_\_\_\_  
Jim Shaw, Mayor



*Shelly G. Adams*  
Notary Public, South Dakota

My Commission Expires:

(SEAL)

My Commission Expires  
February 14, 2008

