



State of Kansas, Bourbon County SS

Lora Holdridge Register of Deeds

Book: 514 Page: 370-380

Receipt #: 49623

Recording Fee: \$192.00

Mortgage #: 20

Mortgage Amount: \$2,500,000.00

Pages Recorded: 11

Lora Holdridge

Date Recorded: 12/20/2024 11:08:53 AM

[ELECTRONICALLY FILED]

This space is reserved for the Register of Deeds

**COMMERCIAL
MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING**

Borrower:

KANSAS RE INVESTMENT GROUP LLLP
401 WOODLAND HILLS DRIVE
FORT SCOTT, KS 66701

Lender:

LEGACY HEALTH LLC
2250 LINDSAY WAY
GLEN DORA, CA 91740

Principal Amount of Debt: \$ 2,500,000.00

Date: December 18 2024

Borrower mortgages and warrants to Lender, its successors and assigns all of the following-described property, which Borrower now has or may later acquire, in Bourbon County, Kansas:

LOTS 1 & 2, MERCY HEALTH SYSTEMS OF KANSAS TO THE CITY OF FORT SCOTT,
BOURBON COUNTY, KANSAS.

NCS-1225654-ONT
Commercial Mortgage and Security Agreement
4875-8466-0985\34875-8466-0985\34875-8466-0985\2

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together with all improvements, fixtures, goods which are or are to become fixtures, equipment, easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, and water rights, whether now located on the above real estate or later placed upon it. All of the above property is collectively referred to as the "Property." This Mortgage and Security Agreement is referred to as the "Mortgage. " All replacements and additions are covered by the Mortgage.

Borrower warrants that it is the lawful owner of the Property, free and clear of all encumbrances, and has the right to mortgage, grant, and convey the Property, and that it will warrant and defend the title against all claims.

This Mortgage secures:

- (a) payment of a promissory note ("Note") dated December 18, 2024 and all modifications, extensions, and renewals of the Note;
- (b) all future advances, with interest, made pursuant to paragraph 1 below;
- (c) the payment of all other sums, with interest, advanced under the Note and Mortgage to protect Lender's security in the Property;
- (d) such charges and advances as may be due and payable to Lender under the terms of the Note and Mortgage;
- (e) Borrower's performance under the terms of any other document executed by Borrower in connection with the loan evidenced by the Note which this Mortgage secures; and
- (f) all other debt owed to Lender by Borrower, whether evidenced by note, overdraft, guaranty, or otherwise; provided that the principal amount of debt secured by this Mortgage (not including sums advanced to protect the security of this Mortgage) shall not exceed, at any one time, the amount of \$5,000,000.00.

1. **Future Advances.** Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make future advances to Borrower. Those future advances, plus interest, shall be secured by this Mortgage.

2. **Assignment of Rents and Possession.** Borrower assigns to Lender all rents, deposits, and income arising at any time from the Property (collectively referred to as "Rents"), together with all leases and other similar documents pertaining to the Property. Borrower also authorizes Lender or its agents at their option, upon default, and without appointment of a

receiver or other judicial intervention, to take possession of the Property and to collect all Rents and apply them to payment of the interest, principal, insurance premiums, taxes, assessments, repairs or improvements necessary to keep the Property in such condition as Lender deems appropriate, or to apply them to other charges or payments provided for in this Mortgage. All Rents received by Borrower after notice of default shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by this Mortgage. All lessees under any such leases are hereby authorized to make all lease payments to Lender upon demand by the Lender. This right to possession and Rents assignment shall continue in force until the Note is fully paid. The taking of possession by Lender shall not prevent or retard Lender in the collection of said sums by foreclosure or otherwise. Nothing contained in this paragraph shall be construed to bind Lender to the performance of any obligations under said leases, except for giving lessees' proper credit for rent payments received by Lender.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Mortgage.

Lender, or Lender's agent or a judicially appointed receiver, shall not be required to enter upon, and take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender.

3. **Appointment of Receiver.** In any action to foreclose this Mortgage, the court, upon application by Lender, shall appoint a receiver for the Property as a matter of right under this Mortgage and without the necessity of any showing as to the inadequacy of the Property as security. The receiver shall have the power to enter upon and operate and maintain the Property, collect Rents, and apply the same as the court may direct, and exercise such other powers as the court may grant to the receiver.

4. **Taxes.** Borrower will timely pay all taxes, assessments, and all other charges or claims that may be assessed, levied, or filed at any time against Borrower, against the whole or part of the Property, or against the interest of Lender in the Property and provide Lender proof of payment within thirty (30) days after payment.

5. **Insurance.** Borrower will maintain insurance on the Property against such perils and hazards, including fire, lightning, tornado, and such other risks as Lender may from time to time require. The insurance must cover existing and future improvements upon the Property. Borrower shall also carry flood insurance if required by law or by Lender and any other insurance as Lender may reasonably require. Borrower shall maintain all required insurance with companies, amounts, coverages, and forms satisfactory to Lender. Borrower shall deliver copies of all insurance policies and certificates to Lender, together with receipts satisfactory to Lender, evidencing payment of the premiums, except where Lender makes payments as provided in paragraphs 6 and 7.

All insurance policies shall contain a standard mortgage clause naming Lender as mortgagee and making loss payable to Lender as its interest may appear, and the policies shall also provide that they cannot be terminated as to Lender, except upon 30 days' prior written notice to Lender. All policies of insurance required hereunder shall contain an agreement by the insurer waiving all rights of setoff, counterclaim, and deduction against Borrower.

Borrower must immediately notify Lender of any loss, and Lender is authorized to make proofs of loss if Borrower does not do so in a timely manner. Borrower assigns to Lender the proceeds from all such insurance policies which are paid because of a loss to the Property. Lender shall be entitled to settle and adjust all claims under insurance policies required by the Mortgage. The insurance companies writing these policies are authorized to make payments for such loss directly to Lender, and the proceeds of such insurance, or any part thereof, may be applied by Lender, at its option, either to reduce the indebtedness secured by this Mortgage or to the restoration or repair of the damaged Property. Application of insurance proceeds, or Lender's release of the proceeds, shall not cure or waive any default or notice of default or invalidate any acts done pursuant to such notice.

6. **Fund for Taxes and Insurance.** At Lender's option, Borrower shall pay to Lender each month an amount estimated by Lender to be equal to 1/12th of all annual taxes and insurance premiums required to be paid by Borrower under this Mortgage. All sums so paid shall not bear interest, and Lender shall, unless Borrower is in default, apply these funds to payment of the taxes and insurance. However, upon default of Borrower, Lender may, at its sole option, apply any of these funds to the indebtedness secured by this Mortgage.

7. **Advancements for Taxes, Insurance, and Repairs.** Lender may, but is not obligated to, pay taxes, insurance, cost of repairs and maintenance, and other obligations of Borrower under the Mortgage if Borrower fails to pay the same when they are due and payable or Borrower fails to make repairs as needed. These advancements shall be liens on the Property under this Mortgage and shall bear interest at the rate stated in the Note.

8. **Maintenance of Property.** Borrower will: (a) maintain the Property in good condition and repair at all times; (b) not allow waste or permit a nuisance; (c) not remove or demolish the Property or any part of it; (d) complete and promptly restore the Property in a good and workmanlike manner if any of it is damaged; (e) comply with all laws concerning ownership, operation, and use of the Property; and (f) comply with all requirements of insurance companies concerning the condition or use of the Property.

9. **Default.** Borrower will be in default of this Mortgage if:

- (a) Borrower does not timely perform the duties or meet the obligations in the Note or this Mortgage;
- (b) any warranty, representation, or statement made or furnished to Lender by or in behalf of Borrower which induced Lender to make the loan and this agreement is false in any material respect;
- (c) Borrower defaults under any other obligation to Lender; or

- (d) for any other reason Lender deems itself insecure or the prospect of Borrower's performance, payment, or realization of collateral to be significantly impaired.

Upon default, Lender may, at its option and without notice or demand to Borrower, declare all sums secured to be immediately due and payable, and Lender shall be entitled to foreclose this Mortgage and take any other legal action to protect Lender's rights. In case of foreclosure, the Property may be sold in its entirety, or in parcels, as determined by Lender in its sole discretion.

10. **Exhaustion of Security.** If the sums secured by this Mortgage are now or hereafter further secured by the liens of other mortgages, deeds of trust, security agreements, pledges, contracts of guaranty, assignments of leases, assignments of certificates of deposit, letters of credit, or other security, Lender may, at its option, exhaust any one or more of those securities and the security under this Mortgage, either concurrently or independently, and in such order as Lender shall determine. In doing so, Lender will not be deemed to have made an election of remedies or waiver that would prevent it from later exercising its remedies as to any remaining security, nor will any such action by Lender be deemed as bringing a multiplicity of suits or splitting causes of action.

11. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property, or any interest in it, is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, accelerate the indebtedness due to require immediate payment in full of all sums secured by this Mortgage. However, Lender may not exercise this option if doing so is prohibited by federal law.

If Lender exercises this option, Lender shall give Borrower notice of the acceleration. The notice shall give Borrower not less than 30 days from the date the notice is delivered within which Borrower must pay all sums secured by this Mortgage. If Borrower fails to do so, Lender may invoke any remedies permitted by this Mortgage without further notice to or demand on Borrower.

12. **Waiver of Redemption.** Borrower, for itself and all persons receiving title from Borrower, waives all rights of redemption to which Borrower and those persons would otherwise be entitled if this Mortgage is at any time foreclosed.

13. **Estoppel Certificate and Subordination Agreements.** Borrower shall, within ten (10) days of a written request from Lender, furnish Lender with a written statement, duly acknowledged, setting forth the sum secured by this Mortgage and any right of setoff, counterclaim, or other defense which exists against such sum and the obligations of this Mortgage. Upon Lender's request, Borrower shall also procure and deliver to Lender subordination agreements from each lessee, tenant, and occupant of the Property, or other portion thereof, in a form satisfactory to Lender.

14. **Uniform Commercial Code Security Agreement.** This Mortgage also serves as a security agreement pursuant to the Uniform Commercial Code of Kansas (" UCC ") for the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the UCC, and Borrower now grants Lender a security interest in these items. Borrower agrees that Lender may file this Mortgage, or a copy, in the real estate records, or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Mortgage or of any other security agreement or financing statement shall be sufficient as a financing statement.

The name and mailing address of the record owner of the Property is:

KANSAS RE INVESTMENT GROUP LLLP
401 WOODLAND HILLS DRIVE
FORT SCOTT, KS 66701

Also, Borrower agrees to execute and deliver to Lender, upon Lender's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Mortgage in such form as Lender may require to perfect or preserve a security interest with respect to said items. Borrower also irrevocably authorizes Lender to execute and file any of these documents in Borrower's name.

Borrower shall pay all costs of filing these financing statements and extensions, renewals, amendments, and releases, and shall pay all reasonable costs of any records searches or financing statements Lender may reasonably require. All of these costs shall also be secured by this Mortgage.

Without the prior written consent of Lender, Borrower shall not create or allow to be created pursuant to the UCC any other security interest in said items, including replacements and additions. Upon Borrower's default under this Mortgage, Lender shall have the remedies of a secured party under the UCC. In exercising any of these remedies, Lender may proceed against the items of real property and items of personal property specified above as part of the Property, separately or together, and in any order whatsoever, without in any way affecting the availability of Lender's remedies under the UCC.

15. **Costs of Collection.** Except as otherwise provided by law, Borrower shall pay to Lender, and this Mortgage secures payment of, all reasonable costs of collection, including, but not limited to, court costs, attorneys' fees, receiver's fees, premiums on receiver's bonds, and collection agency fees.

16. **Liens.** Borrower will not voluntarily create or permit to be created against the Property any liens other than those described in this Mortgage. Further, Borrower will keep the Property free from claims of all persons supplying labor and materials to the Property.

17. **Notices.** All notices to Lender and Borrower shall be delivered to the address described on page 1 above or such other address as later designated. All notices required under this Mortgage shall be made in writing and delivered either by (a) hand delivery, and considered

delivered upon receipt, (b) telefacsimile, and considered delivered upon completion of transmittal, (c) certified mail, and considered delivered upon signed receipt or refusal to accept notice, or (d) nationally recognized overnight delivery service, and considered delivered the next business day after the notice is deposited with that service for delivery.

18. **Hazardous Material.** Borrower warrants to Lender that:

(a) Borrower is not aware of any Hazardous Materials generated from or located on the Property, nor is Borrower aware of any prior use of the Property that might involve Hazardous Materials.

(b) Borrower is not aware of any Hazardous Materials Contamination on or under the Property and will immediately notify Lender of the presence of, or the threat of, Hazardous Materials Contamination on or under the Property.

(c) Borrower will obtain all licenses and permits as are required for the use of the Property, including, but not limited to, the use of air and water, or which involve dumping or storage of material on the Property.

(d) Borrower is not aware of any investigations, complaints, or inquiries of any kind, from any source, concerning Hazardous Materials or environmental conditions of the Property or properties adjoining the Property.

(e) Borrower shall not allow the use, storage, transportation, or other presence of Hazardous Materials on the Property except in compliance with all Governmental Requirements (as defined below).

Borrower will indemnify and hold Lender harmless for:

(i) any liability, loss, cost, damage, or expense (including, without limitation, attorneys' fees and expenses) with respect to Borrower's use or control of the Property and arising from: (1) Hazardous Materials Contamination; (2) the imposition or recording of a lien; (3) the incurrence of any cleanup and removal costs under any Governmental Requirements (as defined below); or (4) liability to any third party in connection with violation of any Governmental Requirements or other action by Borrower or its agents;

(ii) any loss of value in the Property as a result of any such lien, cleanup and removal costs, or any other liability incurred pursuant to (i) above; and

(iii) any liability, loss, cost, damage, or expense arising from any failure or defect in title occasioned by an incident described in (i) above.

This indemnification and hold-harmless provision shall remain effective beyond release, foreclosure, or satisfaction of this Mortgage and beyond repayment of the debt secured by this Mortgage.

"Hazardous Materials" shall mean (a) any "hazardous waste" as defined by any law, including, but not limited to, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by any law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (c) asbestos; (d) polychlorinated biphenyls; (e) any substance the presence of which on the Property is prohibited by any Governmental Requirements (as defined below); (f) any petroleum-based products; (g) underground storage tanks; and (h) any other substance which by any Governmental Requirements requires special handling or notification of any federal, state, or local governmental entity in its collection, storage, treatment, or disposal. For purposes herein, "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, Kansas, the county where the Property is located, the city where the Property is located, or any other political subdivision in which the Property is located, and any other political subdivision, agency, or instrumentality exercising jurisdiction over Borrower or the Property.

"Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air, or other elements on or of the Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air, or other elements on or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Mortgage) emanating from the Property.

19. **Governing Law.** This Mortgage shall be governed by the laws of Kansas.

20. **Inspection.** Lender or its agent may reasonably enter the Property in order to inspect its condition for Lender's benefit. If improvements are to be made upon the Property, Borrower will have full responsibility for contracting for, and overseeing construction of, the improvements. Lender assumes no responsibility in regard to any improvements to be made upon the Property. When appropriate, Lender will give Borrower reasonable notice prior to the inspection.

21. **Nonwaiver.** Failure of Lender to enforce any part of this Mortgage shall not constitute a waiver, nor prevent Lender from fully enforcing its rights at a later date.

22. **Application of Payments.** All payments received by Lender under the Note shall be applied by Lender first to the payment of any penalties, second to payment of taxes and insurance, third to the payment of interest, and fourth to the reduction of the remaining principal, including future advances.

23. **Condemnation.** The proceeds of any award or claim for damages by reason of condemnation or conveyances in lieu of condemnation is assigned and shall be paid to Lender.

Borrower shall receive any excess proceeds remaining after the indebtedness to Lender is paid off.

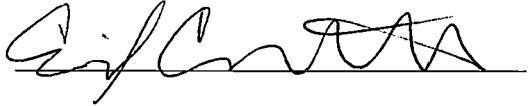
24. **Records.** Borrower shall keep at Borrower's principal place of business complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases, and other instruments which affect the Property. These books, records, contracts, leases, and other instruments shall be subject to examination and inspection at any reasonable time by Lender.

25. **Binding Effect.** This Mortgage shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Borrower and Lender.

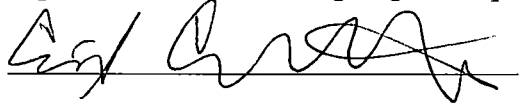
26. **WAIVER OF JURY TRIAL. BORROWER AND LENDER WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, COUNTERCLAIM, OR CROSS-CLAIM BROUGHT BY ANY PARTY AGAINST THE OTHER IN ANY MATTER ARISING OUT OF, OR IN ANY WAY RELATED TO, THE TRANSACTION INVOLVED IN THIS MORTGAGE.**

27. **Loan Purpose.** The Loan is for "business purposes" within the meaning of K.S.A. Section 16-207.

Signature(s) of individual borrower(s):

A handwritten signature in black ink, appearing to be "A. J. [unclear]", written over a horizontal line.

Signature of individual signing in a representative capacity for borrower:

A handwritten signature in black ink, appearing to be "A. J. [unclear]", written over a horizontal line.

ACKNOWLEDGMENT
[of individual(s)]

State of ~~Kansas~~ ^{Georgia}
County of Hall

This instrument was acknowledged before me on 12/17/24 (date) by
Erik Engobretson (name(s) of person(s)).

(Seal)

Operating Partner
Title (and Rank)

My appointment expires: Kori Cartrette



State of ~~Kansas~~ ^{Georgia}
County of Hall

This instrument was acknowledged before me on 12/17/24 (date) by
Erik Engobretson (name(s) of person(s)).

(Seal)

Operating Partner
Title (and Rank)

My appointment expires: Kori Cartrette



ACKNOWLEDGMENT
[of individual signing in a representative capacity]

State of Georgia
County of Hall)

This instrument was acknowledged before me on 12/17/24 (date) by
Erik Engbretson (name(s) of person(s)) as
Operating Partner (type of authority, e.g., officer, trustee, etc.) of
Kansas Ry Investment Group LLP (name of party on behalf of whom instrument was
executed.)

(Seal)

Operating Partner
Title (and Rank)

My appointment expires: Kori Cartrette

