

**LOAN AGREEMENT  
(AFFORDABLE HOUSING FUND AND  
REVOLVING AFFORDABLE HOUSING LOAN FUND)**

**THIS LOAN AGREEMENT (“Agreement”)** is made on the date shown on the City’s signature page, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado (“City”), and **DENVER DRY PRESERVATION LLC**, a Colorado limited liability company, whose address is 1565 California St., Denver, Colorado 80202, (“Borrower” and “Owner”), each individually a “Party” and collectively the “Parties.”

**WITNESSETH:**

**WHEREAS**, Borrower is the Owner of Property (as defined in Section 2) in the City and County of Denver;

**WHEREAS**, USA Institutional Denver Dry LLC, a Delaware limited liability company (together with its successor and assigns, the “Investor Member”) is being admitted as a member of Borrower as of the date hereof pursuant to that certain Amended and Restated Operating Agreement of Borrower dated as of the date hereof (“Operating Agreement”);

**WHEREAS**, the purpose of this Agreement is for the City to provide financing costs related to the development and construction of one hundred six (106) affordable multi-family dwelling units located on the Property for a project which will be known as Denver Dry Goods (the “Project”);

**WHEREAS**, the City is making certain monies available to ensure the development the Project; and

**WHEREAS**, Borrower is eligible to receive funds from the City, and is ready, willing and able to meet the conditions associated therewith.

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained, the Parties agree as follows:

**1. LOAN TO BORROWER:**

A. Subject to the terms of this Agreement, the City agrees to lend Borrower the sum of **FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS and No/100 (\$5,500,000.00)** (the “Loan”). In addition to this Agreement, Borrower will execute a promissory note in a form satisfactory to the City evidencing this Loan (the “Promissory Note”) and a covenant securing the Property for use as affordable housing as required by Section 6 hereof. Simple interest at a rate of one percent (1%) per annum shall commence accruing on the outstanding principal

balance of the Promissory Note on the date on which the first draw on the Loan is made.

B. Principal and any interest accrued on the Loan shall be due and payable, at such place as may be designated by City, in annual installments of the amount calculated in accordance with the order of priority and other provisions set forth in **Exhibit F**, attached hereto and incorporated herein (“Cash Flow”). Such annual installments shall commence and be due on the first July 1st following the date that is twenty-four (24) calendar months after the effective date of the Promissory Note and each July 1st thereafter. If not paid sooner, the entire unpaid balance of principal and accrued interest will be due and payable on the forty second (42<sup>nd</sup>) anniversary of the date of the Promissory Note (the “Maturity Date”). Each year after repayment of the Loan has commenced, Borrower shall provide to the City, no later than June 1st, (i) an audited financial statement for the Project for the preceding calendar year; and (ii) a statement or letter from an auditor that details (a) the total amount of Cash Flow available for distribution, and (b) a calculation that details the amount(s) and the person(s) or entity (entities) to which the available Cash Flow will be distributed based on the order of priority and other provisions set forth in Exhibit F

**2. SECURITY:** Repayment of the Promissory Note shall be secured by a Deed of Trust (the “Deed of Trust”), in form satisfactory to City, granted by Borrower and encumbering the real property known and numbered as 700 16<sup>th</sup> Street, Denver, Colorado 80202 and legally described as set forth in Exhibit D (the “Property”).

**3. SUBORDINATION:**

A. The Executive Director, or the Executive Director’s designee (the “Executive Director”), of the City’s Department of Housing Stability (“HOST”) is authorized to execute documents necessary to subordinate the lien of the City’s Deed of Trust and Covenant so long as (i) the subordination agreement is substantially in a form attached hereto as **Exhibit E**; (ii) encumbrances prior to the City’s Deed of Trust do not exceed Forty-Five Million Dollars and No/100 (\$45,000,000.00) under the construction loan(s) or Twelve Million Dollars and No/100 (\$12,000,000.00) under the permanent loan(s); (iii) Borrower is not then in default of its obligations pursuant to this Agreement, the Promissory Note, the Deed of Trust or the Covenant; and (iv) all additional financing for the Project is committed.

B. The Executive Director is authorized to execute documents necessary to subordinate the City’s Deed of Trust and Covenant to land use restriction agreements such as the Regulatory Agreement and Declaration of Restrictive Covenants required by the Colorado Housing and Finance Authority, so long as (i) the subordination agreement is in the form acceptable to the

City Attorney; (ii) encumbrances prior to the City's Deed of Trust do not exceed Forty-Five Million Dollars and No/100 (\$45,000,000.00) under the construction loan(s) or Twelve Million Dollars and No/100 (\$12,000,000.00) under the permanent loan(s); and (iii) Borrower is not in default of its obligations pursuant to this Agreement, the Deed of Trust, or the Covenant.

C. The Executive Director is authorized to execute documents necessary to accomplish the Loan, as set forth herein, so long as (i) such documents are in a form satisfactory to the City Attorney; (ii) encumbrances prior to the City's Deed of Trust do not exceed Forty-Five Million Dollars and No/100 (\$45,000,000.00) under the construction loan(s) or Twelve Million Dollars and No/100 (\$12,000,000.00) under the permanent loan(s); and (iii) Borrower is not in default of its obligations pursuant to this Agreement, the Deed of Trust, or the Covenant.

#### **4. USE AND DISBURSEMENT OF FUNDS:**

A. Loan proceeds will be used to finance costs associated with development of the Property for use as affordable housing. Loan proceeds may be used for soft costs and hard construction costs of the Project. The approximate budget for the Loan proceeds will be as follows:

<b>Uses</b>	<b>Total</b>	
Hard Costs & Site Work	\$31,423,470	Approved for City Funds
Professional Fees	\$2,286,350	
Soft Costs	\$905,133	
Land & Buildings	\$18,800,000	Other Funding Sources
Construction Interim Costs	\$4,756,436	
Permanent Financing	\$710,652	
Developer Fees	\$4,798,406	
Reserves	\$1,110,000	
<b>Total</b>	<b>\$64,790,447</b>	

B. The budget may be revised with the written approval of the Executive Director, so long as the Loan amount is not exceeded.

C. Borrower shall submit to the City requisitions with documentation of incurred costs on HOST approved forms, and otherwise comply with the disbursement terms and conditions set forth in **Exhibit B** attached hereto and incorporated herein. Borrower may not request disbursement of funds until the funds are needed for payment of eligible costs.

D. Where the City's funds are disbursed for construction, (i) the City shall

monitor the construction activities for the purpose of verifying eligible costs, and (ii) the City shall retain five percent (5%) of each disbursement of funds, which retainage shall be released upon compliance with the requirements of Exhibit B.

E. In addition to the retainage specified above, HOST shall retain Ten Thousand Dollars and No/100 (\$10,000.00) of the total funds to be disbursed under this Agreement (the “Compliance Retainer”), which retainage shall be released upon compliance with the requirements of Exhibit B.

F. Expenses incurred prior to December 19, 2024, are not eligible for reimbursement.

**5. DEADLINE FOR DISBURSEMENT OF FUNDS; REQUIRED DOCUMENTATION:**

A. Borrower must satisfy all conditions precedent to closing the loan set forth in this Agreement and close on the Loan on or before January 17, 2026 (the “Closing Deadline”). Failure to meet this deadline may result in the termination of this Agreement at the Executive Director’s sole discretion. No funds shall be disbursed under this Agreement until such time as (i) all applicable conditions of this Agreement have been met and (ii) Borrower has closed on all financing necessary to complete the Project.

B. Borrower agrees that (a) documentation for all draw down requests will be submitted no later than twenty-four (24) months after the date of the Promissory Note and (b) Borrower shall complete the Project within a twenty-four (24) month period after the date of the Promissory Note.

C. Borrower must submit monthly status reports during the period of construction. Borrower may submit either an American Institute of Architects (AIA) G702/G703 progress billing form or use a form provided by HOST. Status reports must be submitted even if all Loan proceeds have been disbursed by the City to Borrower.

D. All cost overruns and/or funding shortfalls shall be the sole responsibility of Borrower.

E. The Executive Director is authorized to extend or modify any deadlines or schedules (other than repayment deadlines or schedules) set forth herein, provided that Borrower also consents to any such change and that such changes are made in writing.

**6. RESTRICTIONS ON USE OF PROPERTY:**

A. Affordability Limitations.

i. Twelve (12) of the units at the Property (the “80% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the U.S. Department of Housing and Urban Development (“HUD”), under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 80% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

ii. Twenty (20) of the units at the Property (the “70% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 70% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

iii. Thirty-nine (39) of the units at the Property (the “60% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 60% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

iv. Twelve (12) of the units at the Property (the “50% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 50% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

v. Six (6) of the units at the Property (the “40% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 40% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

vi. Seventeen (17) of the units at the Property (the “30% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 30% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

vii. The 80% Units, 70% Units, 60% Units, 50% Units, 40% Units, and 30% Units

are referred to collectively herein as the “Affordable Units.” By executing this Agreement, Borrower acknowledges receipt of HUD's current rent guidelines from HOST. It shall be Borrower's responsibility to obtain updated guidelines from HOST to confirm the annual calculation of the maximum rents for the Denver area.

viii. The City shall determine maximum monthly allowances for utilities and services annually in accordance with 24 C.F.R. § 92.252(d)(1) or another method acceptable to the City. Rents shall not exceed the maximum rents as determined above minus the monthly allowance for utilities and services. The City shall review rents for compliance within ninety (90) days after HOST requests rent information from Borrower.

B. Occupancy/Income Limitations.

i. The 80% Units shall be occupied by tenants whose incomes are at or below eighty percent (80%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

ii. The 70% Units shall be occupied by tenants whose incomes are at or below seventy percent (70%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

iii. The 60% Units shall be occupied by tenants whose incomes are at or below sixty percent (60%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

iv. The 50% Units shall be occupied by tenants whose incomes are at or below fifty percent (50%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

v. The 40% Units shall be occupied by tenants whose incomes are at or below forty percent (40%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

vi. The 30% Units shall be occupied by tenants whose incomes are at or below thirty percent (30%) of the median income for the Denver area as determined by HUD, with adjustments for family size.

vii. By executing this Agreement, Borrower acknowledges receipt of HUD's current income guidelines from HOST. It shall be Borrower's responsibility to obtain updated guidelines from HOST and comply with the current guidelines.

C. Designation of Units. All of the Affordable Units are floating, and are

designated as follows:

<b>BEDROOMS</b>	<b>80% Units</b>	<b>70% Units</b>	<b>60% Units</b>	<b>50% Units</b>	<b>40% Units</b>	<b>30% Units</b>
Studio						1
1 Bedroom	5	8	28	2	2	11
2 Bedroom	7	12	11	10	4	5
<b>TOTAL</b>	<b>12</b>	<b>20</b>	<b>39</b>	<b>12</b>	<b>6</b>	<b>17</b>

D. Accessibility Requirements. Borrower must design and construct five percent (5%) of the Affordable Units, or at least one (1) unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional two percent (2%) of the Affordable Units, or at least one (1), whichever is greater, must be accessible for persons with hearing or visual disabilities. Collectively, these units are referred to as the “Accessible Units.” The Accessible Units must be designed and constructed in accordance with American National Standards Institute (“ANSI”) Standard A117.1. Public and common areas must be readily accessible for persons with mobility disabilities and be designed and constructed in accordance with ANSI Standard A117.1.

E. Covenant Running with the Land. At closing, Borrower shall execute a rental and occupancy covenant in form satisfactory to the City (“Covenant”), setting forth the rental and occupancy limitations described in this Agreement, which shall be recorded in the real property records of the City and County of Denver, and which shall constitute a covenant running with the land. The Covenant shall encumber the Property for sixty (60) years from the date of the recording of the Covenant. Violation of said Covenant shall be enforceable as an event of default pursuant hereto.

7. **PRIORITIZATION OF INCOME-RESTRICTED AFFORDABLE HOUSING ORDINANCE:** Borrower must comply with the City’s Prioritization of Income-Restricted Affordable Housing Ordinance, codified at D.R.M.C. §§ 27-241 *et seq.*, and the ordinance’s implementing rules and regulations.

8. **TENANT SELECTION:** The owner of the Project must adopt and have approved by the City written tenant selection policies. The tenant selection policies must be approved by the City prior the City making any disbursements under this Agreement. The tenant selection policies must, at a minimum, contain criteria that:

- A. Are consistent with the purpose of providing housing for very low-income and low-income families;
- B. Are reasonably related to program eligibility and the applicant’s ability to

perform the obligations of the lease;

C. Give reasonable consideration to the housing needs of families that would have a preference under federal selection preferences for admission to public housing;

D. Do not exclude an applicant with a certificate or voucher under the Section 8 Tenant-Based Assistance Housing Choice Voucher Program or an applicant participating in a HOME tenant-based rental assistance program because of the status of the applicant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document;

E. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, with prompt written notification to any rejected applicant of the grounds for any rejection; and

F. Comply with the Violence Against Women Act requirements prescribed in 24 CFR § 92.359.

**9. AFFIRMATIVE MARKETING:** The owner of the Project shall comply with the procedures outlined in the affirmative marketing program, attached hereto as **Exhibit C** and incorporated herein (the “Affirmative Marketing Program”), to provide information and otherwise attract eligible tenants from all racial, ethnic, and gender groups in the Property’s housing market area in accordance with 24 CFR § 92.351. Except Borrower may limit eligibility or give preference to a particular segment of the population in accordance with 24 CFR § 92.253(d). Prior to making any disbursement, Borrower must provide the plan required by the Affirmative Marketing Program (the “Affirmative Marketing Plan”) to HOST. The Affirmative Marketing Plan must be approved by HOST prior to Borrower adopting it or engaging in any affirmative marketing of the Project.

**10. LEASES:** There must be a written lease between the tenants of Affordable Units and the owner of the Project for a period of not less than one year, unless by mutual agreement between the tenant and the Owner of the Project a shorter period is specified.

**11. PROHIBITED LEASE TERMS:** Leases pursuant to which Affordable Units are occupied may not contain any of the following provisions:

A. Agreement to Be Sued. Agreement by the tenant to be sued, admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.

B. Treatment of Property. Agreement by the tenant that the owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. However, the owner may dispose of personal property remaining in the unit after the tenant has moved out in accordance with Colorado law.



C. Excusing Owner from Responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.

D. Waiver of Notice. Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.

E. Waiver of Legal Proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.

F. Waiver of Jury Trial. Agreement by the tenant to waive any right to a trial by jury.

G. Waiver of Right to Appeal. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge a court decision in connection with the lease.

H. Tenant Chargeable with Cost of Legal Actions Regardless of Outcome. Agreement by tenant to pay attorney fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant.

I. Mandatory Supportive Services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

**12. PROHIBITION OF CERTAIN FEES:** A tenant may not be charged fees that are not customarily charged in rental housing (e.g. laundry room access fees), except that a tenant may be charged the following: reasonable application fees to prospective tenants; parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

**13. TERMINATION OF TENANCY:** The owner of the Project may not terminate the tenancy or refuse to renew the lease of a tenant of any of the Affordable Units except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; for completion of the tenancy period for transitional housing or failure to follow any required transitional supportive services plan; or for other good cause. Any termination or refusal to renew must be preceded by service of written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy. Notwithstanding the foregoing, nothing in this Agreement shall prevent the owner of the Project from terminating a tenancy in accordance with Colorado Revised Statutes § 13-40-107.5(4)(a) for a substantial violation as defined

in that statute.

**14. MANAGEMENT OF PROPERTY:** Borrower shall provide and maintain good and efficient management of the Property satisfactory to the City. Borrower must execute and maintain in effect a management agreement for the Project with a qualified manager that has experience with affordable housing. Borrower shall notify the City of any (i) changes to the manager of the Property and (ii) of any significant changes staffing changes to the manager.

**15. AUDIT/EXAMINATION OF RECORDS/REPORTING REQUIREMENTS/ANNUAL MONITORING; INSPECTIONS:**

A. Examination of Records and Audits: Any authorized agent of the City, including the City Auditor or his or her representative, has the right to access, and the right to examine, copy and retain copies, at City's election in paper or electronic form, any pertinent books, documents, papers and records related to Borrower's performance pursuant to this Agreement, provision of any goods or services to the City, and any other transactions related to this Agreement. Borrower shall cooperate with City representatives and City representatives shall be granted access to the foregoing documents and information during reasonable business hours and until the latter of three (3) years after the final payment under the Agreement or expiration of the applicable statute of limitations. When conducting an audit of this Agreement, the City Auditor shall be subject to government auditing standards issued by the United States Government Accountability Office by the Comptroller General of the United States, including with respect to disclosure of information acquired during the course of an audit. No examination of records and audits pursuant to this paragraph shall require Borrower to make disclosures in violation of state or federal privacy laws. Borrower shall at all times comply with D.R.M.C. 20-276.

B. Records Related to Affordable Units. Borrower must retain all tenant file records for tenants who occupy or occupied an Affordable Unit, which shall include, but not be limited to: (a) move-in income verification, (b) annual recertifications, (c) leases (including lease renewals), (d) rental amounts for the Affordable Unit, and (e) utility allowance calculations. Borrower must also retain records of any inspection or inspections of an Affordable Unit or the Property. The records required to be retained by this subsection must be maintained for the duration of the tenant's occupancy in an Affordable Unit until seven (7) years after the tenant vacates an Affordable Unit. Upon the termination or expiration of the Covenant, records required to be retained by this subsection must be maintained for all tenants occupying an Affordable Unit at the time of Covenant expiration or termination until seven (7) years thereafter. File records can be maintained in

electronic or hard-copy format so long as the records are accessible to HOST. In the event of a sale or conveyance of the Property, the resident file records must be maintained for seven (7) years after the date of sale or conveyance.

C. Required Information and Reports. Borrower shall submit to the City the following information and reports on HOST approved forms or online system: (1) annual compliance statement; (2) report on rents and occupancy of Affordable Units to verify compliance with affordability requirements and other requirements of this Agreement; (3) data on evictions, terminations of tenancies, or tenancies not renewed for individuals residing in Affordable Units; (4) reports (including financial reports) that enable the City to determine the financial condition and continued financial viability of the rental project; (5) for floating units, reports on unit substitution and filling vacancies to ensure that the Property maintains the required unit mix; and (6) template lease agreements for Affordable Units. The report required by subsection (2) of this Subsection B. shall include, but not be limited to, information related to monthly rent amount, lease term, household size, total annual household income, and race and other demographic information. The reports and information required by this Section shall be due within thirty (30) days of the City making a request for such reports and information. The failure to submit the reports and information requested by the City within thirty (30) days of the City's request shall be considered a default of this Agreement.

D. Access and Inspections. For the purposes of assuring compliance with the Agreement, the City shall have the reasonable right of access to the Property, without charges or fees, (i) during the period of construction and (ii) during the period of affordability set forth in Section 6. During the period of affordability, the City shall be entitled to conduct annual physical inspections of the Property. Borrower shall fully cooperate with the City in an annual monitoring of Borrower's performance and site inspection to verify compliance with the requirements of this Agreement.

**16. FINANCIAL STATEMENTS:** Borrower must furnish to the City annually, within ninety (90) days of the end of Borrower's fiscal year or within thirty (30) days following a request by HOST, financial statements of Borrower audited by an independent certified public accountant, which must include an annual balance sheet and profit and loss statement of Borrower, in a form reasonably required by the City.

**17. TRANSFERS:** Borrower acknowledges that the City has examined and relied on the experience of Borrower and its general partners, directors, and members in owning and operating affordable housing projects, such as the Project, in agreeing to make the Loan, and the City will continue to rely on Borrower's ownership and control of the Property and Project as a means of

maintaining the affordability requirements and the value of the Property as security for repayment of the Loan. Without the prior written consent of the City, which may not be unreasonably withheld, Borrower shall not: (i) sell, convey, assign, or otherwise transfer or dispose of the Property or any part thereof (other than leases to tenants), or (ii) sell, convey, assign, or otherwise transfer any interest in Borrower; or (iii) change the control or management of Borrower. Notwithstanding the above, the following transfers are “Permitted Transfers” that do not require the prior written consent of the City: (a) the removal and/or replacement of a defaulting managing member of the Borrower pursuant to the terms of the Operating Agreement, (b) the transfer of Investor Member interests in the Borrower to a managing member of the Borrower, and (c) transfers of interests amongst the members of the Managing Member. Borrower or Investor Member, as applicable, will provide City with prior written notice of such Permitted Transfers.

**18. CAPITAL NEEDS ASSESSMENT:** During the term of the Covenant, Borrower must provide the City with any capital needs assessment or physical needs assessment performed on or related to the Property or any improvements on the Property every ten (10) years or, if performed earlier, whenever such assessments are performed.

**19. MAINTENANCE AND REPLACEMENT:** The owner of the Project shall maintain the Property in compliance with all applicable housing quality standards and local code requirements. Newly constructed or substantially rehabilitated housing must meet applicable requirements referenced at 24 C.F.R. § 92.251.

**20. LEAD-BASED PAINT HAZARDS:** Housing funded, in part, by funds provided through this Agreement shall be subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4852 et seq.), and is therefore subject to 24 C.F.R. Part 35; the owner of the Project shall comply with these provisions in the construction of the Project.

**21. CONDITIONS PRECEDENT TO CLOSING LOAN:** In addition to any other conditions stated in the Agreement, the following conditions must be satisfied at prior to the Closing Deadline:

A. **Environmental Reports.** Borrower must provide the City with a Phase I Environmental Site Assessment (“ESA”) and, if necessary, a Phase II ESA, in form and substance acceptable to the City. If the ESA is not in the City’s name, the City must be provided with a reliance letter in the name of the City from the environmental engineer, which must be satisfactory to the City.

B. **Title Insurance.** Borrower must obtain, on behalf of the City, a lenders title policy insuring the City in the principal amount of the Loan. Borrower must provide the City with a copy of the lenders title policy within thirty (30) days of closing.

C. **Appraisal.** Borrower must provide the City with an as-built appraisal of the Property, which must be satisfactory in form and substance to the City.

D. **Organizational Documents.** Borrower must provide the City with (i) evidence that it is a Colorado limited liability company in good standing and authorized to transact business in the State of Colorado; (ii) evidence in a form satisfactory to the City that the person executing this Agreement and any other documents related to the Loan has the full power and authority to bind Borrower; and (iii) all organizational documents related to Borrower, which must be acceptable to the City. Organization documents include, but are not limited to, Articles of Organization, bylaws, an operating agreement, and a certificate of good standing.

E. **Management Agreement.** Borrower must provide the City with a certified copy of the management agreement for the Property, which must be satisfactory in form and substance to the City. The management agreement must contain a provision that the City has the right to release the management company in the event of a foreclosure.

F. **Survey.** Borrower must provide the City with a current ALTA survey of the Property. The ALTA survey must be prepared by a licensed land surveyor, certified to the City, and satisfactory to the City.

G. **Promissory Note; Deed of Trust; Covenant.** Borrower must execute and deliver to the closing agent the Promissory Note. Borrower must execute and deliver to the closing agent for recordation the Deed of Trust and Covenant.

H. **Evidence of Financing.** Borrower must provide such information and documentation sufficient to satisfy the City, in the City's sole discretion, that Borrower has secured all financing necessary to complete the Project. Documentation sufficient to satisfy the City may include, but not be limited to, commitment letters for all other financing or funding.

I. **Insurance.** Borrower must provide the City with certificates of insurance or copies of the policies of insurance required under this Agreement.

J. **Construction; Timeline.** Borrower must provide the City with a certified copy of the construction budget and development timeline, which must be satisfactory in form and substance to the City.

**22. COSTS AND EXPENSES:** Borrower agrees to pay all direct costs, expenses and

attorney fees reasonably incurred by the City in connection with Borrower's breach or default of this Agreement or the Promissory Note, Deed of Trust, or Covenant. Borrower agrees to pay reasonable loan closing costs, including all recording charges, title insurance charges, costs of surveys, costs for certified copies of instruments, costs incurred for obtaining any documents or reports required pursuant to this Agreement, and all other costs incurred by the City in connection with the Loan.

**23. CONDITIONS:**

A. The obligation of the City to lend the above sums is limited to funds appropriated by the Denver City Council, paid into the Treasury of the City, and encumbered for the purpose of this Agreement. The City does not by this Agreement irrevocably pledge present cash reserves for payment or performance in future fiscal years. This Agreement does not and is not intended to create a multiple-fiscal year direct or indirect debt or financial obligation of the City.

B. Borrower shall comply with all applicable laws, rules, regulations and codes of the United States, the State of Colorado; and with the Charter, ordinances, rules, regulations and Executive Orders of the City and County of Denver, as the same may be amended from time to time. These laws, regulations, and other authorities are incorporated by reference herein to the extent that they are applicable and required by law to be so incorporated.

**24. INSURANCE:** Borrower or its contractor(s) shall procure and maintain insurance in the following types and amounts:

A. Where loan proceeds are disbursed for construction, Builders Risk Insurance or an Installation Floater in the amount of the value of the Property as improved and renovated, with the City and County of Denver named as loss payee.

B. Commercial General Liability Insurance covering all operations by or on behalf of Borrower, on an occurrence basis with limits not less than \$1,000,000 per occurrence, \$2,000,000 products and completed operations aggregate, and \$2,000,000 policy aggregate. Borrower's contractor shall include all subcontractors as insureds under its policy or shall furnish separate certificates of insurance for each subcontractor.

C. Worker's Compensation and Employer's Liability Insurance at statutory limits and otherwise sufficient to ensure the responsibilities of Borrower and its contractor under Colorado law.

D. Borrower shall maintain Business Automobile Liability with limits of \$1,000,000 combined single limit applicable to all owned, hired and non-owned vehicles used in performing services under this Agreement.

E. Property insurance satisfactory to the City in the amount of the value of the property subject to the Deed of Trust and Covenant, with the City named as loss payee.

F. Certificates of Insurance evidencing the above shall be submitted prior to the Closing Deadline. Policies shall include a waiver of subrogation and rights of recovery against the City. Insurance companies providing the above referenced coverage must be authorized and licensed to issue insurance in Colorado and be otherwise acceptable to the Risk Management Office.

**25. DEFENSE & INDEMNIFICATION:**

A. Borrower agrees to defend, indemnify, and hold harmless City, its appointed and elected officials, agents and employees against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement (“Claims”), unless and until such Claims have been specifically determined by the trier of fact to be due to the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of Borrower or its subcontractors either passive or active, irrespective of fault, including City’s concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.

B. Borrower’s duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. Borrower’s duty to defend and indemnify City shall arise even if City is the only party sued by claimant and/ or claimant alleges that City’s negligence or willful misconduct was the sole cause of claimant’s damages.

C. Borrower will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City’s exclusive remedy.

D. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of Borrower under the terms of this indemnification obligation. Borrower shall obtain, at its own expense, any additional insurance that it deems necessary for the City’s protection.

E. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

**26. DEFAULT AND ACCELERATION:**

A. Default. The occurrence of any of the following events shall constitute a default by Borrower:

- i. Any breach of this Agreement, the Promissory Note, the Deed of Trust, or the Covenant;
- ii. The City determines that any warranty, representation, or statement made or furnished to the City by or on behalf of Borrower in connection with this Agreement proves to have been false in any material respect when made or furnished;
- iii. Borrower becomes delinquent on the Loan or on any other contractual or tax obligations as due;
- iv. Borrower fails to comply with any rule, regulation or provision referred to in the Agreement;
- v. Borrower fails to maintain a cash balance that is sufficient to cover sixty (60) days of Borrower's operating expenses; and
- vi. Borrower is generally unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such a receiver, trustee or similar officer is appointed without the application or consent of Borrower, and such appointment continues undischarged for a period of ninety (90) days; or Borrower institutes (by petition, application, answer or otherwise) any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution, liquidation or similar proceedings under the laws of any jurisdiction; or any such proceeding shall be instituted against Borrower; or Borrower terminates or dissolves.

B. Cure Period. Upon a default, HOST shall give written notice of the default to Borrower and other persons entitled to notice of a default pursuant to this Agreement. After Borrower's receipt of the written notice, Borrower or a person on behalf of Borrower shall have ten (10) calendar days to cure any monetary default and thirty (30) calendar days to cure any nonmonetary default (collectively, the "Cure Period"). If a nonmonetary default is not a type which can be cured within the Cure Period, the Executive Director of HOST, at their reasonable discretion, may extend the cure period if Borrower provides the City with a reasonably detailed written plan of how Borrower will cure the nonmonetary default and Borrower, at all times within such additional



time period, actively and diligently pursues such plan. For purposes of this Agreement, the term “monetary default” means a failure by Borrower to make any payment required of it pursuant to the applicable Promissory Note or any other Loan document, and the term “nonmonetary default” means a failure by Borrower or any other person to perform any obligation contained in the Agreement, Covenant, Deed of Trust, or Promissory Note, other than the obligation to make payments provided for in the Promissory note or Loan documents.

C. Cure Period for Investor Member. Upon a default, HOST shall give written notice of the default to Investor Member. After Investor Member’s receipt of the written notice, Investor Member shall have thirty (30) calendar days to cure any monetary default and ninety (90) calendar days to cure any nonmonetary default (collectively, the “Investor Member Cure Period”). If a nonmonetary default is not a type which can be cured within the Investor Member Cure Period, the Executive Director of HOST, at their reasonable discretion, may extend the cure period if Investor Member provides the City with a reasonably detailed written plan of how Investor Member will cure the nonmonetary default and Investor Member, at all times within such additional time period, actively and diligently pursues such plan.

D. Acceleration; Interest Upon Default; and Withholding Disbursements. Upon the existence of a default and the failure to cure within the Cure Period and Investor Member Cure Period, and without necessity of further notice, presentment, demand, protest, or notice of protest of any kind, all of which are expressly waived by Borrower, the City shall have the right to accelerate any outstanding obligations of Borrower, which shall be immediately due and payable, including payments under the Promissory Note, to foreclose upon the Property, and to enforce or assign its rights under the Deed of Trust. Borrower agrees to pay a late charge of five percent (5%) of any installment not received on or before the day the installment is due. Upon default and if the default remains after the Cure Period and Investor Member Cure Period, the principal shall draw interest at the rate of fifteen percent (15%) per annum. If any of the Loan funds have not been disbursed to Borrower, the City may suspend or terminate the Agreement, in whole or in part, and withhold one hundred percent (100%) of any undisbursed funds.

E. Effect of Default on Eligibility for Further Funding. If Borrower is in default, the City may declare Borrower ineligible for any further participation in City funding, in addition to other remedies as provided by law.

**27. [INTENTIONALLY OMITTED]**

**28. COMPLIANCE WITH DENVER WAGE LAWS:** To the extent applicable to the Contractor's provision of Services hereunder, the Contractor shall comply with, and agrees to be bound by, all rules, regulations, requirements, conditions, and City determinations regarding the City's Minimum Wage and Civil Wage Theft Ordinances, Sections 58-1 through 58-26 D.R.M.C., including, but not limited to, the requirement that every covered worker shall be paid all earned wages under applicable state, federal, and city law in accordance with the foregoing D.R.M.C. Sections. By executing this Agreement, the Contractor expressly acknowledges that the Contractor is aware of the requirements of the City's Minimum Wage and Civil Wage Theft Ordinances and that any failure by the Contractor, or any other individual or entity acting subject to this Agreement, to strictly comply with the foregoing D.R.M.C. Sections shall result in the penalties and other remedies authorized therein.

**29. NOTICES:** All notices required by the terms of this Agreement must be hand delivered, sent by overnight courier service, or mailed by certified mail, return receipt requested, if to Borrower at the address:

Denver Dry Preservation LLC  
c/o Perry Rose LLC  
1565 California Street  
Denver, Colorado 80202

With a copy to:

Klein Hornig LLP  
101 Arch Street, Suite 1101  
Boston, MA 02110  
Attention: Daniel Rosen

With copies to:

USA Institutional Denver Dry LLC  
777 West Putnam Avenue  
Greenwich, Connecticut 06830  
Attention: General Counsel

And:

Buchalter, a Professional Corporation  
1000 Wilshire Boulevard, Suite 1500  
Los Angeles, CA 90017  
Attention: Scott Salomon

and if to the City at:

Executive Director of the Department of Housing Stability  
City and County of Denver  
201 West Colfax Avenue, Dept. 615

Denver, Colorado 80202

With a copy to:

Denver City Attorney's Office  
1437 Bannock St., Room 353  
Denver, Colorado 80202

Notices hand delivered or sent by overnight courier are effective upon delivery. Notices sent by certified mail are effective upon receipt. Notices sent by mail are effective upon deposit with the U.S. Postal Service. The Parties may designate substitute addresses where or persons to whom notices are to be mailed or delivered. However, these substitutions will not become effective until actual receipt of written notification.

**30. DISPUTES:** All disputes between the City and Borrower arising out of or regarding this Agreement will be resolved by administrative hearing pursuant to the procedure established by D.R.M.C. § 56-106(b)-(f). For the purposes of that administrative procedure, the City official rendering a final determination shall be the Executive Director.

**31. ASSIGNMENT AND SUBCONTRACTING:** The City is not obligated or liable under this Agreement to any party other than Borrower. Borrower shall not assign, sublet or subcontract with respect to any of the rights, benefits, obligations or duties under this Agreement except upon prior written consent of the City.

**32. CITY NOT PARTY TO CONSTRUCTION CONTRACT:** The City is not, and nothing in this Agreement shall be construed to constitute the City, a party to any construction contract pursuant to which the loan or grant proceeds hereof are expended.

**33. PUBLICATIONS/ANNOUNCEMENTS:** HOST approval must be obtained prior to publicizing activities or projects funded by HOST or prior to any radio or television announcements, newspaper advertisements, press releases, pamphlets, mail campaigns, or any other marketing methods for any activities or projects funded by HOST. In any event, all such publicizing activities must include the following statement: "The funding source for this activity is the City and County of Denver, Department of Housing Stability." HOST shall be acknowledged in any events regarding the project being funded, including groundbreakings and openings.

**34. ACKNOWLEDGEMENT OF FUNDING:** Borrower will provide and install at the Property signs, in a form mutually agreeable to the Executive Director and Borrower, acknowledging the participation of the City and the City funding of the Project.

**35. WAIVER:** No waiver of any breach or default under this Agreement shall be held to be a waiver of any other or later breach or default. All remedies afforded in this Agreement shall

be construed as cumulative, in addition to every other remedy provided herein or by law.

**36. DURATION/BINDING EFFECT:** This Agreement shall remain in effect for the period of affordability specified in Section 6(E) above, and shall be binding upon the parties and shall inure to the benefit of their respective successors, assignees, representatives, and heirs.

**37. COUNTERPARTS:** This Agreement may be executed in multiple counterparts, each of which, when executed and delivered, shall be deemed to be an original and, taken together, shall constitute one and the same instrument.

**38. NONRECOURSE:** Notwithstanding any other provision contained herein, or the Promissory Note, the Deed of Trust, or the Covenant, it is agreed that the execution of this Agreement, the Promissory Note, the Deed of Trust, and the Covenant shall impose no personal liability on Borrower or any partner, member or manager of Borrower for payment of any of the obligations described herein or therein, and the City's sole recourse shall be against the Project.]

**39. NO DISCRIMINATION IN EMPLOYMENT:** In connection with the performance of work under this Agreement, Borrower may not refuse to hire, discharge, promote, demote, or discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, ethnicity, citizenship, immigration status, gender, age, sexual orientation, gender identity, gender expression, marital status, source of income, military status, protective hairstyle, or disability. Borrower shall insert the foregoing provision in all subcontracts.

**40. RECITALS:** All of the recitals above are hereby confirmed and incorporated herein as part of this Agreement.

**41. ELECTRONIC SIGNATURES AND ELECTRONIC RECORDS:** Borrower consents to the use of electronic signatures by the City. This Agreement, and any other documents requiring a signature hereunder, may be signed electronically by the City in the manner specified by the City. The Parties agree not to deny the legal effect or enforceability of this Agreement solely because it is in electronic form or because an electronic record was used in its formation. The Parties agree not to object to the admissibility of this Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

List of Exhibits to Loan Agreement

Exhibit A – INTENTIONALLY OMITTED

Exhibit B – Disbursement Terms and Conditions

Exhibit C – Affirmative Marketing Program

Exhibit D – Legal Description of Property

Exhibit E – Form of Subordination Agreement

Exhibit F – Cash Flow Calculation

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**Contract Control Number:**  
**Contractor Name:**

HOST-202578422-00  
DENVER DRY PRESERVATION LLC

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at  
Denver, Colorado as of:

**SEAL****CITY AND COUNTY OF DENVER:**

**ATTEST:**  
  
\_\_\_\_\_

By:  
  
\_\_\_\_\_

**APPROVED AS TO FORM:**  
  
Attorney for the City and County of Denver  
  
By: \_\_\_\_\_

**REGISTERED AND COUNTERSIGNED:**  
  
By: \_\_\_\_\_

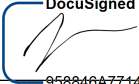
By:  
  
\_\_\_\_\_

**Contract Control Number:**  
**Contractor Name:**

HOST-202578422-00  
DENVER DRY PRESERVATION LLC

By: \_\_\_\_\_

DocuSigned by:



958846A7714F4C8...

Name: \_\_\_\_\_

Jonathan Rose

(please print)

Title: \_\_\_\_\_

Manager

(please print)

ATTEST: [if required]

By: \_\_\_\_\_

Name: \_\_\_\_\_

(please print)

Title: \_\_\_\_\_

(please print)

Exhibit A  
INTENTIONALLY OMITTED



## **EXHIBIT B**

### **DISBURSEMENT TERMS AND CONDITIONS**

#### **I. Disbursement Request Procedures**

- a. Disbursements shall be processed through the Department of Housing Stability (“HOST”) and the Department of Finance (“DOF”).
- b. HOST will disburse loan or grant funds to the Borrower or Grantee (referred to herein as the “Borrower”) for “hard cost expenses,” “soft cost expenses,” and “acquisition cost expenses” (“Disbursement”) upon the Borrower’s written request delivered to HOST (the “Disbursement Request”). The Disbursement Request shall be in the form approved or required by HOST and DOF and may be submitted no more frequently than once every month. Disbursement Requests must be submitted by Borrower electronically to the assigned HOST staff member who will review the submission for completeness and accuracy.
- c. Prior to the first Disbursement Request, Borrower must provide to the City for review and approval, if necessary, the following items:
  - i. A partnership agreement, operating agreement, corporate resolution, or other corporate documentation to demonstrate who has authority for the Borrower to submit Disbursement Requests.
  - ii. The affirmative marketing plan.
  - iii. The tenant selection plan.
  - iv. The form lease agreement for dwelling units at the Project, which contains no prohibited provisions as described in the Agreement.
- d. All Disbursements will be via check sent by regular mail unless ACH or other method of disbursement is requested.
- e. Disbursements involving federal funds must have satisfied all environmental review requirements under 24 C.F.R. Part 58.
- f. The Borrower may not make a Disbursement Request until such funds are needed to pay costs of the Project. The amount of each Disbursement Request must be limited to the amount needed to pay costs actually incurred by the Borrower at the time of the Disbursement Request. The Disbursement Request may not include items previously submitted to and reimbursed by other lenders, amounts for prospective or future needs, funds to be placed into escrow accounts, or advances in lump sums to the Borrower.
- g. Each Disbursement Request must be accompanied by documentation acceptable to HOST and DOF that evidence payments for which a disbursement request has been made. HOST and DOF will review documentation for incurred costs that match the Disbursement Request. Documentation to be submitted with a Disbursement Request shall include, as applicable, but not be limited to:

## EXHIBIT B

- i. A completed and signed HOST expense certification form.
  - ii. For hard cost draws, a completed standard AIA Form G702 and Form G703 certified by the architect and signed and notarized by the general contractor. If the Disbursement Request includes costs for minor construction not shown on the G702 and G703, the scope of work and contractor invoices must be submitted.
  - iii. Invoices and other evidence satisfactory to HOST and DOF for “hard” or direct costs provided to the Project with respect to the Disbursement Request. All invoices must show the Project name and address.
  - iv. Invoices and other evidence satisfactory to the City for “soft” or indirect costs provided to the Project with respect to the Disbursement Requests. All invoices must show the Project name and address.
  - v. Evidence satisfactory to HOST and DOF to demonstrate proof of payment of any cost or expense contained on a Disbursement Request. Evidence of proof of payment may include, but not be limited to: cancelled checks; copies of checks; documentation of cost or expense in a general ledger; credit or debit card statements; final signed settlement statements, wire transfer records, or bank statements.
  - vi. An updated itemized budget.
  - vii. Current certificates of insurance.
  - viii. Lien waivers from all applicable contractors, subcontractors, and suppliers.
  - ix. For agreements receiving federal funding and to which the Davis-Bacon Act applies, Borrower must be current in submissions of all paperwork and documentation requested by the City to demonstrate compliance with the requirements of the Davis-Bacon Act.
  - x. For acquisition Disbursement Requests being funded at a scheduled closing, the following items will be required: a) Preliminary closing statement; b) wire instructions on bank letterhead including date wire is required; and c) final settlement statement and recorded documents after closing.
- h. The Borrower must cooperate with HOST in obtaining or providing any additional documentation that may be required by HOST, DOF, or any other agency of the City.
- i. The City will retain the first \$10,000.00 of Disbursements for the purposes of the Compliance Retainer as set forth in the Agreement. The \$10,000.00 that is retained pursuant to this provision will be released under the terms described in Section II.
- j. The City will disburse to the Borrower 95% of hard expenses for each Disbursement and all of the soft expenses. The retained 5% of hard expense (the “Retainage”) shall be disbursed as all or part of the final Disbursement under the terms described in Section II.

## EXHIBIT B

- k. At all times during the construction of the Project, the City shall have the right, but not the obligation, to enter and inspect all work done, and all materials, equipment, and other matters relating to the Project.
- l. HOST reserves the right, in its sole and absolute discretion, to revise or modify the processes, procedures, and requirements related to the disbursement procedures. HOST will notify Borrower of any such changes to the disbursement procedures.
- m. The City will not make any Disbursements of loan or grant proceeds to the Borrower for costs or expenses that:
  - i. Are prohibited by Federal or City regulations related to the funding source.
  - ii. Are not requested or otherwise not in accordance with Agreement or the procedures for a Disbursement Request set forth herein.
  - iii. Were requested or incurred, or both, after the termination of the Agreement or outside the time periods set forth in the Agreement.
  - iv. Were requested during the occurrence and continuation of an event of default specified in the Agreement.

### II. Disbursement of Compliance Retainer and Retainage

- a. *Compliance Retainer.* For the City to release the Compliance Retainer, a Disbursement Request must be submitted along with the following information, as applicable:
  - i. A completed HOST expense certification form.
  - ii. For agreements funded with federal funds, any required federal forms or reports. The City must review and approve any completed federal forms or reports for any federally funded agreement.
  - iii. All documents or items required to be submitted to the City pursuant to the Agreement not previously provided.
  - iv. A certificate of occupancy.
  - v. Current certificates of insurance.
  - vi. Updated title policy with date down endorsement or copy of date down endorsement for senior lender.
  - vii. The Project must pass a HUD standard inspection performed by the City.
  - viii. Lease-up information on all units restricted by the City through the use of City funds or Federal funds, as applicable. The information must include number of bedrooms in the unit, household size, tenant household incomes, date of income certification, tenant paid portion of rent, total lease rent, voucher amounts, voucher type (project based or tenant based), utility allowance amount, lease start and end dates, and demographic data. HOST will review this information to confirm the Project's lease-up is in compliance with the affordability restrictions contained in the Agreement and Rental & Occupancy Covenant.
  - ix. Any other documents required by HOST.

## EXHIBIT B

- b. *Retainage*. For the City to release the Retainage, a Disbursement Request must be submitted along with the following information, as applicable:
- i. A completed HOST expense certification form.
  - ii. Final unconditional lien waivers or proof of release of liens in form and substance satisfactory to the City from all applicable contractors, subcontractors, and suppliers, as applicable.
  - iii. A copy of the completed AIA G704 Form for the senior lender, signed by the architect, general contractor, and Borrower that shows -\$0.00- as the cost estimate of work that is incomplete or defective, as applicable.
  - iv. A copy of the completed AIA G706 Form for the senior lender, signed by the general contractor and notarized, verifying that all debts and claims have been settled, as applicable.
  - v. A copy of the completed AIA G706A Form for the senior lender, signed by the general contractor and notarized, stating that all releases or waivers of liens have been received, as applicable.
  - vi. All documents or items required to be submitted to the City pursuant to the Agreement not previously provided.
  - vii. A certificate of occupancy.
  - viii. Current certificates of insurance.
  - ix. Updated title policy with date down endorsement or copy of date down endorsement for senior lender.
  - x. The Project must also pass a HUD standard inspection performed by the City.
  - xi. Uniform Relocation Assistance and Real Property Acquisition Policies Act (“URA”) Determination, as applicable.
  - xii. Environmental mitigation memorandum of understanding, as applicable.
  - xiii. Any other documents required by HOST.

### III. **Conditions Precedent to All Disbursements**

- a. The making of each Disbursement shall be subject to the satisfaction of each of the following additional conditions precedent, and a waiver of any condition to any Disbursement shall not constitute a waiver as to any subsequent Disbursement. The City may, in its sole discretion, withhold all or a portion of a Disbursement if any of the following conditions have not been satisfied or if the Borrower has not submitted the required documentation and information required by the Agreement, including the documentation and information required by these terms and conditions.
- i. *No Default*. The Borrower must be in full compliance with and must not be in default under the Promissory Note, the Deed of Trust, or the Covenant or any other document executed by the Borrower in connection with the Agreement.
  - ii. *Time to Complete the Project*. In the sole opinion of the City, there must be sufficient time remaining to complete the construction of the Project in accordance with the terms of the Agreement, and in conformance with federal regulations and requirements for federally funded agreements.

## EXHIBIT B

- iii. *Sufficient Funds Available to Complete the Project.* If requested by the City, the Borrower shall furnish evidence satisfactory to the City, in its sole discretion, that the amount of the loan or grant yet to be disbursed, together with any other sources of funds available to the Borrower and not yet disbursed, will be sufficient to complete the Project in compliance with the Agreement and to pay all costs therefore, and all other direct or indirect costs relating to the loan or grant and the Project.
- iv. *Lien waivers.* If requested by the City, the Borrower shall furnish data in a form satisfactory to the City with respect to prior Disbursements and expenditures relating to the Project and shall furnish lien waivers from the contractor and all subcontractors for work done and materials supplied to the Project to the date of the Disbursement Request.
- v. *Use of Funds.* Subject to the terms of the Agreement, the Borrower shall use the proceeds of the loan or grant exclusively for the costs of the Project.
- vi. *Compliance with Federal Requirements.* As applicable, Borrower must be compliant with all federal requirements, including, but not limited to, compliance with the Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968, and all reporting obligations under any such federal requirements.
- vii. *Pass-Through Loans.* If the Agreement is structured as a “pass-through” loan, Borrower must demonstrate that Borrower has the authority to submit disbursement requests on behalf of the Project owner, which may be done by providing HOST with an operating agreement or partnership agreement establishing such authority. A “pass-through” loan is defined as a loan made by the City to a borrower where loan proceeds will be granted or loaned by the borrower to the developer or owner of the Project for construction and development costs.

### IV. **Financial Management Systems – The Borrower must maintain financial systems that meet the following standards:**

- a. Financial reporting must be accurate, current, and provide a complete disclosure of the financial results of financially assisted activities and be made in accordance with federal financial reporting requirements.
- b. Accounting records must be maintained which adequately identify the source and application of the funds provided for financially assisted activities. The records must contain information pertaining to contracts and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. Accounting records shall provide accurate, separate, and complete disclosure of fund status.
- c. Effective internal controls and accountability must be maintained for all contract cash, real and personal property, and other assets. Adequate safeguards must be provided on all property, and it must be assured that it is used solely for authorized purposes.

## **EXHIBIT B**

- d. Actual expenditures or outlays must be compared with budgeted amounts and financial information must be related to performance or productivity data, including the development of cost information whenever appropriate or specifically required.
- e. For contracts subject to federal agreements, applicable 2 C.F.R. Part 200 cost principles, agency program regulations, and the terms of the agreement will be followed in determining the reasonableness, allowability and allocability of costs.
- f. Source documents such as cancelled checks, paid bills, payrolls, time and attendance records, contract documents, etc., shall be provided for all disbursements. The Borrower will maintain auditable records, i.e., records must be current and traceable to the source documentation of transactions.
- g. For contracts subject to federal agreements, the Borrower shall maintain separate accountability for HOST funds as referenced in 2 C.F.R. Part 200.
- h. The Borrower must properly report to Federal, State, and local taxing authorities for the collection, payment, and depositing of taxes withheld. At a minimum, this includes Federal and State withholding, State Unemployment, Worker's Compensation (staff only), City Occupational Privilege Tax, and FICA.
- i. A proper filing of unemployment and worker's compensation (for staff only) insurance shall be made to appropriate organizational units.
- j. The Borrower shall participate, when applicable, in HOST provided staff training sessions in the following financial areas including, but not limited to (1) Budgeting and Cost Allocation Plans; (2) Vouchering Process.

### **V. Audit Requirements**

- a. For contracts subject to federal agreements, if the Borrower expends seven hundred and fifty thousand dollars (\$750,000) or more of federal awards in the Borrower's fiscal year, the Borrower shall ensure that it, and its sub recipients(s), if any, comply with all provisions of the 2 C.F.R. Part 200.
- b. A copy of the final audit report must be submitted to the HOST Financial Manager within the earliest of thirty (30) calendar days after receipt of the auditor's report; or nine (9) months after the end of the period audited.
- c. A management letter, if issued, shall be submitted to HOST along with the reporting package prepared in accordance with the Single Audit Act Amendments and the 2 C.F.R. Part 200. If the management letter is not received by the subrecipient at the same time as the Reporting Package, the Management Letter is also due to HOST within thirty (30) days after receipt of the Management Letter, or nine (9) months after the end of the audit period, whichever is earlier. If the

**EXHIBIT B**

Management Letter has matters related to HOST funding, the Contactor shall prepare and submit a Corrective Action Plan to HOST in accordance with the Single Audit Act Amendments and the 2 C.F.R. Part 200, as set forth in 2 C.F.R. 200.511(c) for each applicable management letter matter.

- d. All audit related material and information, including reports, packages, management letters, correspondence, etc., shall be submitted to HOST.
- e. The Borrower will be responsible for all Questioned and Disallowed Costs.
- f. The Borrower may be required to engage an audit committee to determine the services to be performed, review the progress of the audit and the final audit findings, and intervene in any disputes between management and the independent auditors. The Borrower shall also institute policy and procedures for its sub recipients that comply with these audit provisions, if applicable.

**VI. Procurement**

- a. The Borrower shall follow the City Procurement Policy to the extent that it requires that at least three (3) documented quotations be secured for all purchases or services (including insurance) supplies, or other property that costs more than ten thousand dollars (\$10,000) in the aggregate.
- b. The Borrower will maintain records sufficient to detail the significant history of procurement. These records will include, but are not limited to, the following: rationale for the method of procurement, selection of contract type, Borrower selection or rejection, and the basis for the contract price.
- c. If there is a residual inventory of unused supplies exceeding five thousand dollars (\$5,000) in total aggregate upon termination or completion of award, and if the supplies are not needed for any other federally sponsored programs or projects the Borrower will compensate the awarding agency for its share.

**VII. Bonding**

- a. HOST may require adequate fidelity bond coverage, in accordance with 2 C.F.R. 200.304(b), where the subrecipient lacks sufficient coverage to protect the Federal Government's interest.
- b. The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access, upon reasonable notice, to any pertinent books, documents, papers, or other records which are pertinent to the contract, in order to make audits, examinations, excerpts, and transcripts.

**VIII. Collection of amounts due**

- a. Any funds paid to a Borrower in excess of the amount to which the Borrower is finally determined to be entitled under the terms of the award constitute a debt to the Federal Government and/or the City. If not paid within a reasonable period after demand, HOST may: 1) Make an administrative offset against other requests

## **EXHIBIT B**

for reimbursements, 2) Withhold advance payments otherwise due to the Borrower, or 3) Pursue other action permitted by law.



**EXHIBIT C**  
**(Affirmative Marketing)**

**City and County of Denver**  
**Affirmative Marketing Program**

The City and County of Denver is committed to the goal of adequate housing for all its citizens and to affirmatively furthering fair housing opportunities. The City has developed written material explaining the City's Housing Programs for dissemination and will inform the public, owners, and potential tenants about Federal fair housing laws. These materials will display the "equal housing opportunity" slogan and logo. The City will also publicize its Housing programs through press releases, solicitations to property owners and written communications to fair housing groups and local lenders. The City will display the "equal housing opportunity" slogan on all such communications.

All contracts, grant agreements and/or loan agreements between the City or its agents and property owners executed in connection with the Housing Programs will:

- (1) prohibit discrimination in the rental of housing rehabilitated through the City's Housing programs on the basis of race, color, religion, sex, national origin, age, handicap, or household composition;
- (2) require compliance with all applicable fair housing and equal opportunity laws, and
- (3) include a copy of our Affirmative Marketing Program and require compliance with all procedures contained herein for the period of affordability of the term of the loan, whichever is greater.

In the City's Housing Loan Program, the objective of the Affirmative Marketing Program and a project's Affirmative Marketing Plan will be to increase the racial/ethnic diversity of the project's tenant population so that the tenant population is not made up exclusively of persons of one race/ethnicity.

In order to accomplish this, owners will be required to adopt a plan that will inform and solicit applications from persons in the housing market who are least likely to apply for the housing without special outreach. In general, persons who are not of the race/ethnicity of the majority of the residents of the neighborhood in which the property is located will be considered as persons least likely to apply.

The City will work with the project owner to identify which racial/ethnic groups in the population are least likely to apply for housing in each project without special outreach. The City will assist the owner in developing a project specific Affirmative Marketing Plan which includes special outreach efforts and the City will approve the Plan. The property manager or rental agent will be required to maintain records enabling the City to assess the results of the owner's actions to affirmatively market units. These records will include rental applications, all vacancy notices, and rental receipts. The City or its agent will review the owner's records and these records must be made available to

the City. Additionally, the City will require the owner to submit annual tenant reports that will include tenant characteristics including race/ethnicity. The project's Plan will identify specific actions the owner must take when becoming aware of an impending vacancy. In some cases the owner will also be required to advertise the vacancy in a general circulation newspaper.

Owners who rent exclusively to one segment of the population to the exclusion of applicants from other segments will be notified of potential noncompliance. The City will provide technical assistance to the owners in expanding outreach efforts. If necessary, specific corrective actions will be required.

Owners who discriminate or who fail to comply with the requirements of this Affirmative Marketing Program may be found in breach of contract or in default on their grant or loan agreement, and the City may take action to recover all funds made available to the owner by the City plus applicable penalties.

The City has adopted a policy to aggressively encourage landlords to rehabilitate units that are accessible to persons with physical disabilities.

## **Exhibit D**

### **LEGAL DESCRIPTION**

The following real property located in the City and County of Denver, State of Colorado:

UNITS 15-2, 15-3, 15-456, 16-2 AND 16-B, TOGETHER WITH THE APPURTENANT PERCENTAGE OF UNDIVIDED INTERESTS IN THE LIMITED COMMON ELEMENTS AND GENERAL COMMON ELEMENTS ALLOCATED THERETO, ACCORDING TO THE DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146452, AS AMENDED BY (I) FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JULY 7, 1993 UNDER RECEPTION NO. R-93-0087886, (II) SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. R-9600141052, (III), THIRD AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED AUGUST 21, 2008 UNDER RECEPTION NO. R-208115979, (IV) FOURTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 21, 2010 UNDER RECEPTION NO. R-2010149518, AND (V) FIFTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JANUARY 24, 2011 UNDER RECEPTION NO. R-2011008828, AND AS SHOWN ON THE DENVER BUILDING CONDOMINIUM MAP RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146453 AND AMENDMENT NO. 1 TO THE DENVER BUILDING CONDOMINIUM MAP RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. 9600141053, ALL AS RECORDED IN THE OFFICE OF THE COUNTY CLERK OF DENVER COUNTY, COLORADO.

Purported addresses (for information only): 15TH STREET AND CALIFORNIA STREET

1565 CALIFORNIA STREET  
DENVER, CO 80202

700 16<sup>TH</sup> STREET  
DENVER CO 80202

## Exhibit E – Form of Subordination Agreement

### SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) dated \_\_\_\_\_, 2025, is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, the present holder of a certain deed of trust, whose address is Department of Housing Stability, 201 W. Colfax Ave., Dept. 615, Denver, Colorado 80202 (the “Junior Lender”) and **COMMUNITY OPPORTUNITY FUND**, a Delaware nonprofit corporation authorized to do business in Colorado, whose address is 144 Main Street, Cold Spring, NY 10516 (the “Senior Lender”).

### PRELIMINARY STATEMENTS

A. The Junior Lender has made a loan to Denver Dry Preservation LLC, a Colorado limited liability company (the “Borrower”) in the principal amount of five million five hundred thousand dollars and No/100 (\$5,500,000.00), evidenced by that certain Promissory Note, dated as of \_\_\_\_\_, 2025, made by the Borrower and payable to the Junior Lender and secured by that certain Deed of Trust [the “Junior Deed of Trust”) made as of \_\_\_\_\_, 2025, and recorded on \_\_\_\_\_, 2025, at Reception No \_\_\_\_\_ of the real property records in the office of the Clerk and Recorder of Denver County, State of Colorado, encumbering the following described property (the “Mortgaged Property”):

### SEE LEGAL DESCRIPTION – ATTACHMENT A

B. The Senior Lender has made or will make a loan to Borrower in the principal amount of \$[INSERT NUMERIC AMOUNT], which loan will be evidenced by a Promissory Note (“Senior Note”) in like amount and secured by a deed of trust (“Senior Deed of Trust”) which will cover and encumber all or part of the Mortgaged Property (the Senior Note together with the Senior Deed of Trust and all other documents evidencing, securing, or executed with the Senior Obligations (defined below) are collectively the “Senior Loan Documents”); and the Senior Deed of Trust is to be recorded in the records of the office of the Clerk and Recorder of Denver County, State of Colorado.

C. It is the desire of the parties and to the mutual benefit of all parties that the lien of the Junior Deed of Trust be subordinated to the lien of the Senior Deed of Trust.

### AGREEMENT

For and in consideration of the mutual benefits accruing to the parties hereto, and the promises set forth, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Junior Deed of Trust. As used herein, the following terms shall have the meanings assigned to them:

"Senior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to the Senior Lender in connection with the Senior Deed of Trust, up to the maximum amount of [INSERT PRINCIPAL AMOUNT OF SENIOR LOAN], whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent.

"Junior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to the Junior Lender in connection with the Junior Deed of Trust, whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent..

2. Subordination. The Junior Lender hereby agrees that (regardless of any priority otherwise available to the Junior Lender by law or by agreement) any security interest that the Junior Lender might now hold in the Mortgaged Property, is fully subordinate to any security interest that the Senior Lender may now or hereafter hold in the Mortgaged Property up to the maximum amount of [INSERT PRINCIPAL AMOUNT OF SENIOR LOAN].

3. Collateral and Security Interest. Until all of the Senior Obligations have been paid in full, the Junior Lender shall not demand, receive or accept, except as otherwise provided in this Agreement (i) a pledge of any of the Mortgaged Property as security for the Junior Obligations, or (ii) a grant of any security interest or any other right or interest in any of the Mortgaged Property.

4. Payments Before Default Under Senior Loan Documents. Until the Junior Lender receives notice from the Senior Lender that a default has occurred in connection with the Senior Loan Documents as set forth in Section 8 herein, the Junior Lender shall be entitled to retain for its own account all payments made in connection with the Junior Obligations.

5. Waiver and Consent. The Senior Lender shall have no obligation to the Junior Lender with respect to the Mortgaged Property or the Senior Obligations. The Senior Lender may in accordance with the Senior Deed of Trust (a) exercise collection rights, (b) take possession of, sell or dispose of, and otherwise deal with, the Mortgaged Property, (c) in the Senior Lender's name or in the Borrower's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, the Mortgaged Property; (d) prosecute, settle and receive proceeds on any insurance claims relating to the Mortgaged Property, and (e) exercise and enforce any right or remedy available to the Senior Lender with respect to the Mortgaged Property, whether available before or after the occurrence of any default; all without notice to or consent by anyone except as specifically required by law. The Senior Lender may apply the proceeds of the Mortgaged Property in any order the Senior Lender deems appropriate in its sole discretion, except as required by law.

6. No Action. Junior Lender will not commence any action or proceeding with respect to the Mortgaged Property or against the Borrower, will not take possession of, sell or dispose of, or otherwise deal with, the Mortgaged Property, and will not exercise or enforce any other right or remedy that may be available to the Junior Lender against the Borrower or with respect to the Mortgaged Property upon Borrower's default with respect to the Junior Obligations or Junior Deed

of Trust, without the Senior Lender's prior written consent, which shall not be unreasonably withheld or delayed.

7. Notice of Default to Senior Lender. Any notice provided to Borrower by the Junior Lender of any default under the Junior Deed of Trust shall also be sent to Senior Lender.

8. Notice of Default to Junior Lender. Senior Lender shall deliver to the Junior Lender a default notice within ten business days in each case where Senior Lender has given a default notice to the Borrower. The Junior Lender shall have the right, but not the obligation, to cure any default under the Senior Loan Documents within the same time, and the same manner, as the Borrower pursuant to the Senior Loan Documents. All amounts paid by the Junior Lender to Senior Lender to cure a default under the Senior Loan Documents shall be deemed to have been advanced by the Junior Lender pursuant to, and shall be secured by the lien of, the Junior Deed of Trust.

9. No Representations or Warranties. Neither the Junior Lender nor the Senior Lender (i) makes any representation or warranty concerning the Mortgaged Property or the validity, perfection or (except as to the subordination effected hereby) priority of any security interest therein, or (ii) shall have any duty to preserve, protect, care for, insure, take possession of, collect, dispose of or otherwise realize upon any of the Mortgaged Property.

10. Binding Effect; Miscellaneous. This Agreement shall be binding upon the Junior Lender and its respective successors and assigns and shall inure to the benefit of the Senior Lender and its participants, successors and assigns, but neither the Borrower nor any other secured party shall be entitled to rely on or enforce this Agreement. This Agreement cannot be waived or changed or ended, except by a writing signed by the party to be bound thereby. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Colorado. Each party consents to the personal jurisdiction of the state and federal courts located in the State of Colorado in connection with any controversy related to this Agreement, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated by either of them in connection with this Agreement shall be venued in the City and County of Denver. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Junior Lender waives notice of the Senior Lender's acceptance hereof.

11. Notice. Any notice required under this Agreement shall be deemed to have been given when mailed by certified mail, return receipt requested, or by overnight express mail or courier service, to the addresses of the Junior Lender or the Senior Lender, as the case may be, set out in the first paragraph of this Agreement.

12. Term. This Agreement shall continue until the earliest to occur of the following events: (i) the payment of all principal, interest, and other amounts payable under the Senior Obligations; (ii) the payment of all principal, interest and other amounts payable under the Junior Obligations; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure, or deed in lieu of foreclosure, or the exercise of a power of sale contained in the Senior Deed of Trust; or (iv) the acquisition by Junior Lender of title to the

Mortgaged Property pursuant to a foreclosure, or a deed in lieu of foreclosure, or the exercise of a power of sale contained in the Junior Deed of Trust, but only if such acquisition of title does not violate any of the terms of this Agreement.

13. Entire Agreement. This Agreement contains the entire agreement between and among the parties hereto with respect to the subordination of the Junior Obligations as to the Senior Deed of Trust, and the Senior Loan Documents

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

“JUNIOR LENDER”

**CITY AND COUNTY OF DENVER**, a Colorado  
Municipal Corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_, Department of Housing  
Stability

State of Colorado        )  
                                      ) ss.  
County of                 )

The foregoing instrument was subscribed to and acknowledged before me this \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of the Department of Housing Stability for the City and County of Denver, a municipal corporation of the State of Colorado, for and on behalf of the City.

Witness my hand and official seal.  
My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public



“SENIOR LENDER”

COMMUNITY OPPORTUNITY FUND, a Delaware  
nonprofit Corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_

\

State of Colorado        )  
                                      ) ss.  
County of                 )

The foregoing instrument was subscribed to and acknowledged before me this \_\_\_\_ day  
of \_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of Community  
Opportunity Fund.

Witness my hand and official seal.  
My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

Acknowledged by BORROWER:

DENVER DRY PRESERVATION LLC, a Colorado limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTACHMENT A

UNITS 15-2, 15-3, 15-456, 16-2 AND 16-B, TOGETHER WITH THE APPURTENANT PERCENTAGE OF UNDIVIDED INTERESTS IN THE LIMITED COMMON ELEMENTS AND GENERAL COMMON ELEMENTS ALLOCATED THERETO, ACCORDING TO THE DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146452, AS AMENDED BY (I) FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JULY 7, 1993 UNDER RECEPTION NO. R-93-0087886, (II) SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. R-9600141052, (III), THIRD AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED AUGUST 21, 2008 UNDER RECEPTION NO. R-208115979, (IV) FOURTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 21, 2010 UNDER RECEPTION NO. R-2010149518, AND (V) FIFTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JANUARY 24, 2011 UNDER RECEPTION NO. R-2011008828, AND AS SHOWN ON THE DENVER BUILDING CONDOMINIUM MAP RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146453 AND AMENDMENT NO. 1 TO THE DENVER BUILDING CONDOMINIUM MAP RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. 9600141053, ALL AS RECORDED IN THE OFFICE OF THE COUNTY CLERK OF DENVER COUNTY, COLORADO.

FHA Loan No. 101-98208  
CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

# **SUBORDINATION AGREEMENT (AFFORDABLE HOUSING FUND AND REVOLVING AFFORDABLE HOUSING LOAN FUND)**

THIS SUBORDINATION AGREEMENT (this “**Agreement**”) dated as of this \_\_\_ day of \_\_\_\_\_, 2025, is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado, the present holder of a certain Junior Deed of Trust and City Covenant (as defined herein), whose address is Department of Housing Stability, 201 W. Colfax Ave., Dept. 615, Denver, Colorado 80202 (the “**Junior Lender**”) and **COLORADO HOUSING AND FINANCE AUTHORITY**, a body corporate and political subdivision of the State of Colorado whose address is 1981 Blake Street, Denver, Colorado 80202 (the “**Senior Lender**”).

## **PRELIMINARY STATEMENTS**

A. The Junior Lender has made a loan to Denver Dry Preservation LLC, a Colorado limited liability company (the “**Borrower**”) in the principal amount of Five Million Five Hundred Thousand and No/100 Dollars (\$5,500,000.00), evidenced by that certain Promissory Note, dated as of \_\_\_\_\_, 2025, made by the Borrower and payable to the Junior Lender and secured by that certain Deed of Trust (the “**Junior Deed of Trust**”) made as of \_\_\_\_\_, 2025, and recorded on \_\_\_\_\_, 2025, at Reception No. \_\_\_\_\_ of the real property records in the office of the Clerk and Recorder of the City and County of Denver, State of Colorado (the “**Junior Deed of Trust**” and together with the Promissory Note and all other documents evidencing, securing or executed in connection with the Junior Obligations (defined below), are collectively, the “**Junior Loan Documents**”), encumbering the following described property (the “**Mortgaged Property**”):

See **Exhibit A** attached hereto and incorporated herein by this reference.

B. In connection with the loan to Borrower from Junior Lender referenced above, Borrower has also executed a Rental and Occupancy Covenant dated \_\_\_\_\_, 2025 (the “**City Covenant**”), and recorded on \_\_\_\_\_, 2025, at Reception No. \_\_\_\_\_ in the real property records of the City and County of Denver, State of Colorado.

C. The Senior Lender has or will extend a loan to Borrower in the amount of up to Eight Million Seven Hundred Six Thousand and No/100 Dollars (\$8,706,000.00), which loan will be evidenced by that certain Risk Share Program Promissory Note (“**Senior Note**”) in like amount and secured by that certain Risk Share Program Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents and Leases (“**Senior Deed of Trust**”) and that certain Regulatory Agreement and Declaration of Restrictive Covenants (“**Regulatory Agreement**” and, together with the Senior Note, Senior Deed of Trust, and Regulatory Agreement, and all other documents evidencing, securing or executed in connection with the Senior Obligations (defined below) are collectively, the “**Senior Loan Documents**”)

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CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

which will cover and encumber all of the Mortgaged Property; and the Senior Deed of Trust and Regulatory Agreement will be recorded in the real property records of the City and County of Denver, State of Colorado.

D. In addition, the Senior Lender has or will extend a loan to Borrower in the amount of up to Twenty-Seven Million Six Hundred Twenty-Two Thousand Three Hundred Sixty-Eight and No/100 Dollars (\$27,622,368.00), which loan will be evidenced by that certain Promissory Note (Taxable) and that certain Promissory Note (Tax-Exempt) (collectively, the "**Construction Loan Notes**") in like amount and secured by that certain Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents and Leases ("**Construction Loan Deed of Trust**") and, together with the Construction Loan Notes, and all other documents evidencing, securing, or executed in connection with the Senior Obligations (defined below) are collectively, the "**Construction Loan Documents**") which will cover and encumber all of the Mortgages Property; and the Construction Loan Deed of Trust will be recorded in the real property records of the office of the City and County of Denver, State of Colorado.

E. It is the desire of the parties and to the mutual benefit of all parties that the lien of the Junior Deed of Trust and Junior Obligations be subordinated to the lien of the Senior Deed of Trust, Regulatory Agreement, Construction Loan Deed of Trust and all other Senior Obligations (defined below).

## AGREEMENT

For and in consideration of the mutual benefits accruing to the parties hereto, and the promises set forth, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Junior Deed of Trust. As used herein, the following terms shall have the meanings assigned to them:

"Senior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to the Senior Lender in connection with the Senior Deed of Trust, the Regulatory Agreement, the Senior Loan Documents, the Construction Loan Deed of Trust, and the Construction Loan Documents whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent.

"Junior Obligations" means any deed of trust or other mortgage, lien or encumbrance made by the Borrower to and for the benefit of the Junior Lender, including, without limitation, the Junior Deed of Trust, the City Covenant, and any and all security interests, liens or other encumbrances granted in connection with the loan by the Borrower and in favor of the Junior Lender.

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CHFA Loan No.: 5008788

2. Subordination. All Junior Obligations and Junior Loan Documents are hereby expressly subordinated to the extent and in the manner hereinafter set forth to the payment in full of the Senior Obligations, the terms of the Senior Loan Documents, the terms of the Construction Loan Documents, and all extensions, renewals, or modifications of the Senior Loan Documents or Construction Loan Documents. The Junior Lender hereby agrees that (regardless of any priority otherwise available to the Junior Lender by law or by agreement) any security interest that the Junior Lender might now hold in the Mortgaged Property, is fully subordinate to any security interest that the Senior Lender may now or hereafter hold in the Mortgaged Property. No amendment of any of the Junior Obligations shall directly or indirectly modify the provisions of this Agreement or impair the subordination of the Junior Obligations and Junior Loan Documents to the Senior Obligations, Senior Loan Documents, and Construction Loan Documents.

3. Collateral and Security Interest. Until all of the Senior Obligations have been paid in full, the Junior Lender shall not demand, receive or accept, except as otherwise described in this Agreement, (i) a pledge of any of the Mortgaged Property as security for the Junior Obligations, or (ii) a grant of any security interest or any other right or interest in any of the Mortgaged Property.

4. Payments Before Default Under Senior Loan Documents or Construction Loan Documents. Until the Junior Lender receives notice from the Senior Lender that a default has occurred in connection with the Senior Loan Documents or Construction Loan Documents as set forth in Section 8 herein, the Junior Lender shall be entitled to retain for its own account all payments made in connection with the Junior Obligations.

5. Waiver and Consent. The Senior Lender shall have no obligation to the Junior Lender with respect to the Mortgaged Property or the Senior Obligations. The Senior Lender may in accordance with the Senior Deed of Trust and Construction Loan Deed of Trust (a) exercise collection rights, (b) take possession of, sell or dispose of, and otherwise deal with, the Mortgaged Property, (c) in the Senior Lender's name or in the Borrower's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, the Mortgaged Property; (d) prosecute, settle and receive proceeds on any insurance claims relating to the Mortgaged Property, and (e) exercise and enforce any right or remedy available to the Senior Lender with respect to the Mortgaged Property, whether available before or after the occurrence of any default; all without notice to or consent by anyone except as specifically required by law. The Senior Lender may apply the proceeds of the Mortgaged Property in any order the Senior Lender deems appropriate in its sole discretion, except as required by law.

6. No Action. Except to the extent that Junior Lender obtains Senior Lender's permission pursuant to the following sentence, the Junior Lender will not commence any action or proceeding with respect to the Mortgaged Property or against the Borrower, will not take possession of, sell or dispose of, or otherwise deal with, the Mortgaged Property, and will not exercise or enforce any other right or remedy that may be available to the Junior Lender against the Borrower or with respect to the Mortgaged Property upon Borrower's default with respect to the Junior Obligations, without the Senior Lender's prior written consent, which shall not be

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CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

unreasonably withheld or delayed. In addition, and without limiting the generality of the foregoing, if the Borrower is in default under the Senior Loan Documents or Construction Loan Documents and the Senior Lender forecloses on the Mortgaged Property or accepts a deed in lieu of foreclosure, the Junior Lender shall, upon the Senior Lender's request, promptly execute and deliver such instruments as may reasonably be necessary to terminate and release any security interest, lien or covenant the Junior Lender acquired in connection with the Junior Loan Documents.

7. Notice of Default to Senior Lender. Any notice provided to Borrower by the Junior Lender of any default under the Junior Obligations shall also be sent to Senior Lender. Junior Lender shall afford Senior Lender the right but not the obligation to cure any default or Event of Default within sixty (60) days after Senior Lender receives such notice, and Junior Lender agrees to accept such performance as if it were undertaken by Borrower.

8. Notice of Default to Junior Lender. Senior Lender shall deliver to the Junior Lender a default notice within ten business days in each case where Senior Lender has given a default notice to the Borrower. The Junior Lender shall have the right, but not the obligation, to cure any default under the Senior Loan Documents or Construction Loan Documents within the same time, and the same manner, as the Borrower pursuant to the Senior Loan Documents or Construction Loan Documents. All amounts paid by the Junior Lender to Senior Lender to cure a default under the Senior Loan Documents or Construction Loan Documents shall be deemed to have been advanced by the Junior Lender pursuant to, and shall be secured by the lien of, the Junior Deed of Trust.

9. Default under Senior Loan Documents or Construction Loan Documents. Junior Lender agrees that a default under the Senior Loan Documents or Construction Loan Documents shall not constitute a default under the Junior Loan Documents if no other default has occurred and is continuing under the Junior Loan Documents until either (i) Senior Lender has accelerated the maturity of the Senior Note, Senior Deed of Trust, Construction Loan Notes, or Construction Loan Deed of Trust, or (ii) Senior Lender has taken affirmative action to exercise its rights under the Senior Loan Documents or Construction Loan Documents to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Senior Deed of Trust or Construction Loan Deed of Trust. If at any time Borrower cures any default under the Senior Loan Documents or Construction Loan Documents to the satisfaction of Senior Lender, as evidenced by written notice from Senior Lender to Junior Lender, any default under the Junior Loan Documents arising therefrom shall be deemed cured and the Junior Obligations shall be retroactively reinstated as if such default had never occurred.

10. No Representations or Warranties Concerning Mortgaged Property. Neither the Junior Lender nor the Senior Lender (i) makes any representation or warranty concerning the Mortgaged Property or the validity, perfection or (except as to the subordination effected hereby) priority of any security interest therein, or (ii) shall have any duty to preserve, protect, care for, insure, take possession of, collect, dispose of or otherwise realize upon any of the Mortgaged Property.

FHA Loan No. 101-98208  
CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

11. Junior Lender Representations. Junior Lender further represents and warrants that each of the following is true as of the date of this Agreement: (i) the Junior Loan Documents are now in full force and effect; (ii) the Junior Loan Documents have not been modified or amended; (iii) no Junior Deed of Trust Default has occurred; (iv) Junior Lender is the beneficiary of the Junior Loan Documents; (v) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (vi) the person signing this Agreement on behalf of Junior Lender has the appropriate authority and/or authorization to bind the Junior Lender.

12. Binding Effect; Miscellaneous. This Agreement shall be binding upon the Junior Lender and its respective successors and assigns and shall inure to the benefit of the Senior Lender and its participants, successors and assigns, but neither the Borrower nor any other secured party shall be entitled to rely on or enforce this Agreement. This Agreement cannot be waived or changed or ended, except by a writing signed by the party to be bound thereby. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Colorado. Each party consents to the personal jurisdiction of the state and federal courts located in the State of Colorado in connection with any controversy related to this Agreement, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated by either of them in connection with this Agreement shall be venued in the City and County of Denver. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Junior Lender waives notice of the Senior Lender's acceptance hereof.

13. Notice. Any notice required under this Agreement shall be deemed to have been given when mailed by certified mail, return receipt requested, or by overnight express mail or courier service, to the addresses of the Junior Lender or the Senior Lender, as the case may be, set out in the first paragraph of this Agreement.

14. Term. This Agreement shall continue until the earliest to occur of the following events: (i) the payment of all principal, interest, and other amounts payable under the Senior Obligations; (ii) the payment of all principal, interest and other amounts payable under the Junior Obligations; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure, or deed in lieu of foreclosure, or the exercise of a power of sale contained in the Senior Deed of Trust or Construction Loan Deed of Trust; or (iv) the acquisition by Junior Lender of title to the Mortgaged Property pursuant to a foreclosure, or a deed in lieu of foreclosure, or the exercise of a power of sale contained in the Junior Deed of Trust, but only if such acquisition of title does not violate any of the terms of this Agreement.

15. Enforceability. If any provision of this Agreement shall be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

16. Further Assurances. Subject to the Charter for the City and County of Denver, the Denver Revised Municipal Code, and the policies and procedures of the Junior Lender, the Junior lender hereby agrees to execute such documents and/or take such further action as Senior

FHA Loan No. 101-98208  
CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

Lender may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement, including, without limitation, ratifications and confirmation of this Agreement from time to time hereafter, as and when requested by Senior Lender.

17. Entire Agreement. This Agreement contains the entire agreement between and among the parties hereto with respect to the subordination of the Junior Obligations and the Junior Loan Documents as to the Senior Obligations, the Senior Loan Documents, and the Construction Loan Documents.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



## “JUNIOR LENDER”

By: \_\_\_\_\_

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

Notary Public

**COLORADO HOUSING AND FINANCE  
AUTHORITY**, a body corporate and political subdivision  
of the State of Colorado

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

My commission expires: \_\_\_\_\_.

Page 8 of 10  
Subordination Agreement

FHA Loan No. 101-98208  
CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

Acknowledged by BORROWER:

DENVER DRY PRESERVATION LLC,  
a Colorado limited liability company

By: Denver Dry Preservation Manager LLC,  
a Delaware limited liability company,  
its Managing Member

By: Rose Capital LLC,  
a Delaware limited liability company,  
its Sole Member

By: \_\_\_\_\_  
Jonathan F. P. Rose, Managing Member

FHA Loan No. 101-98208  
CHFA Loan No.: 5008760  
CHFA Loan No.: 5008779  
CHFA Loan No.: 5008788

## **EXHIBIT A**

### **Legal Description of the Mortgaged Property**

UNITS 15-2, 15-3, 15-456, 16-2 AND 16-B, TOGETHER WITH THE APPURTENANT PERCENTAGE OF UNDIVIDED INTERESTS IN THE LIMITED COMMON ELEMENTS AND GENERAL COMMON ELEMENTS ALLOCATED THERETO, ACCORDING TO THE DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146452, AS AMENDED BY (I) FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JULY 7, 1993 UNDER RECEPTION NO. R-93-0087886, (II) SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. R-9600141052, (III), THIRD AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED AUGUST 21, 2008 UNDER RECEPTION NO. R-208115979, (IV) FOURTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED DECEMBER 21, 2010 UNDER RECEPTION NO. R-2010149518, AND (V) FIFTH AMENDMENT TO DECLARATION OF CONDOMINIUM FOR THE DENVER BUILDING, A CONDOMINIUM, RECORDED JANUARY 24, 2011 UNDER RECEPTION NO. R-2011008828, AND AS SHOWN ON THE DENVER BUILDING CONDOMINIUM MAP RECORDED DECEMBER 10, 1992 UNDER RECEPTION NO. R-92-0146453 AND AMENDMENT NO. 1 TO THE DENVER BUILDING CONDOMINIUM MAP RECORDED OCTOBER 10, 1996 UNDER RECEPTION NO. 9600141053, ALL AS RECORDED IN THE OFFICE OF THE COUNTY CLERK OF DENVER COUNTY, COLORADO.

## **EXHIBIT F**

### **CASH FLOW CALCULATION**

The provisions of this Exhibit F are found in the Operating Agreement of Denver Dry Preservation LLC (the "Operating Agreement"). All capitalized terms used in this Exhibit F have the meanings assigned to them in the Operating Agreement or as set forth below. A copy of the fully executed Operating Agreement will be provided to the City after execution. Any change to the distribution of cash flow requires approval by the City in the form of a duly executed amendment to this Agreement.

Notwithstanding anything to the contrary, the calculation of cash flow includes regular monthly or annual deposits into a replacement reserve account or capital reserve account but does not include capital expenditures.

#### **Distribution of Cash Flow**

All Net Cash Flow available for distribution shall be paid as follows. Section numbers below refer to the Operating Agreement:

- (i) payment to the Investor Member of any credit adjuster pursuant to Section 5.01(e) of this Agreement;
- (ii) payment of an amount equal to \$5,000 per year to the Investor Member as an Investment Services Fee; in the event there are insufficient amounts to pay this in any given year, such amounts shall not accrue;
- (iii) payment of \$7,000 per year to the Managing Member as an asset management fee, which amount shall increase by 3% per year; such amounts shall accrue;
- (iv) payment to the Developer of any accrued and unpaid Development Fee as set forth in Section 8.10;
- (v) payment of PILOT and all accrued and unpaid PILOT and interest thereon as set forth in the PILOT Agreement;
- (vi) replenishment of the Operating Reserve, if necessary, pursuant to Section 8.09(c);
- (vii) repayment of any Operating Deficit Loans and/or Development Deficit Loans made by Managing Member;
- (viii) fifty percent (50%) of the remaining balance, if any, toward the repayment of the Second Mortgage Loan, in accordance with the terms of its respective loan documents;
- (ix) repayment of the Third Mortgage Loan, in accordance with the terms of its respective loan documents;

- (x) repayment of the Fifth Mortgage Loan, in accordance with the terms of its respective loan documents;
- (xi) repayment of the Sixth Mortgage Loan, in accordance with the terms of its respective loan documents;
- (xii) repayment of the Seventh Mortgage Loan, in accordance with the terms of its respective loan documents;
- (xiii) twenty-five percent (25%) of the remaining balance, if any, to be deposited in the Property Tax Escrow Account pursuant to the terms of the DHDP Addendum; and
- (xiv) the Net Cash Flow remaining following any distribution pursuant to this Section 11.01(a) shall be distributed (1) prior to the end of the Historic Compliance Period: 0.005% to the Managing Member, 99.99% to the Investor Member, and 0.005% to the DHDP Special Member, and (2) after the end of the Historic Compliance Period: 89.995% to the Managing Member, 10% to the Investor Member, and 0.005% to the DHDP Special Member.

### **Defined Terms**

The following defined terms used this Exhibit F have the meanings specified below. In the event of a conflict between the definitions in this Exhibit and the definitions of the Operating Agreement, the definitions in this exhibit control as to the definition of net cash flow and establishing the priority of payments between lenders and the definitions of the Operating Agreement control as to establishing the amount of individual loans:

“Development Deficit Loan” means a loan of Excess Development Costs by the Managing Member to the Company, subject to the provisions of section 8.09 of the Operating Agreement.

"Fifth Mortgage Loan" means the mortgage loan which will constitute the permanent fifth mortgage financing for the Apartment Complex in the anticipated principal amount of approximately \$1,250,000, to be made to the Company by the Community Opportunity Fund at Initial Closing, and which is to be secured by the Fifth Mortgage and other related security documents and financing statements.

"Fourth Mortgage Loan" means the mortgage loan which will constitute the permanent fourth mortgage financing for the Apartment Complex in the anticipated principal amount of approximately \$1,350,000, to be made to the Company by the Community Opportunity Fund at Initial Closing, and which is to be secured by the Fourth Mortgage and other related security documents and financing statements.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources including, without limitation, rental subsidy payments, application fees, forfeited deposits, and other project-related income, but excluding (A) tenant security or other deposits (other than tenant forfeited deposits), (B) Capital Contributions and interest thereon (other than if

used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Agency, if required, less the sum of (i) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes) including the management fee to the Management Agent, but exclusive of such expenditures funded by withdrawals from reserves, (ii) all payments on account of any loans made to the Company with mandatory debt service payments (whether such loan is made by a Member or otherwise), other than Operating Deficit Loans, and (iii) any required deposits to cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures (including the Reserve Fund for Replacements), in such amounts as may be required by the Lender and/or the Agency or may be determined from time to time by the Managing Member with the approval of the Investor Member, not to be unreasonably withheld or delayed, and the Lender and/or Agency, if required, to be advisable for the operation of the Company.

"Operating Deficit Loans" means the loans made by the Managing Member to the Company pursuant to Section 8.09(b) of the Operating Agreement.

"Second Mortgage Loan" means the mortgage loan which will constitute the permanent second mortgage financing for the Apartment Complex in the anticipated principal amount of approximately \$5,500,000, to be made to the Company by the City and County of Denver at Initial Closing, and which is to be secured by the Second Mortgage and other related security documents and financing statements.

"Seventh Mortgage Loan" means the mortgage loan which will constitute the permanent seventh mortgage financing for the Apartment Complex in the anticipated principal amount of \$3,237,815, to be assumed by the Company from the Denver Urban Renewal Authority at Initial Closing, and which is to be secured by the Seventh Mortgage and other related security documents and financing statements.

"Sixth Mortgage Loan" means the mortgage loan which will constitute the permanent sixth mortgage financing for the Apartment Complex in the anticipated principal amount of approximately \$3,237,815, to be assumed by the Company from the City of Denver at Initial Closing, and which is to be secured by the Sixth Mortgage and other related security documents and financing statements.

"Third Mortgage Loan" means the mortgage loan which will constitute the permanent third mortgage financing for the Apartment Complex in the anticipated principal amount of approximately \$5,300,000, to be made to the Company by the Community Opportunity Fund at Initial Closing, and which is to be secured by the Third Mortgage and other related security documents and financing statements.

