

**LOAN AGREEMENT  
(GENERAL FUND)**

**THIS LOAN AGREEMENT** is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado (“**City**”), and the **HOUSING AUTHORITY OF THE CITY AND COUNTY OF DENVER, COLORADO**, a public body corporate and politic under the laws of the State of Colorado, whose address is 777 Grant Street, Denver, CO 80203 (“**Borrower**” or “**Contractor**”).

**WITNESSETH:**

**WHEREAS**, the City is making certain monies available to ensure the development and renovation of a 68-unit affordable housing project known as Platte Valley Homes (the “**Project**”); and

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

**WHEREAS**, the Borrower is the sole member of PVH Housing LLC, which is the general partner of Platte Valley Homes LLLP (the “**Partnership**”);

**WHEREAS**, the Borrower will lease the property located at 3058 Champa Street and 3401 Arapahoe Street, in Denver, Colorado (the “**Property**”) to Borrower for development and operation of the Project thereon; and

**WHEREAS**, the funds provided hereunder to Borrower will be loaned to the Partnership for development of the Project;

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

**1. LOAN TO BORROWER:** The City agrees to lend Borrower the sum of One Million Twenty Thousand and No/100 Dollars (\$1,020,000.00) in accordance with the terms and conditions of this Loan Agreement (the “**Loan**”). In addition to the Loan Agreement, the City and Borrower will enter into a promissory note in form satisfactory to the City evidencing this Loan (the “**Promissory Note**”), and Borrower shall cause the Partnership to execute a covenant securing the Property for use as affordable housing as required by Section 6 hereof (the “**Covenant**”). The Loan shall mature and be due and payable on the fortieth (40<sup>th</sup>) anniversary of

the date of the Promissory Note (“**Maturity Date**”) if not sooner paid. The outstanding principal balance of the Loan shall bear simple interest at a rate of zero percent (0%) per annum until paid in full or forgiven in accordance with the terms hereof. Repayment shall be forgiven by the City on the Maturity Date so long as Borrower is in compliance with the terms and conditions of this Loan Agreement and the Partnership is in compliance with the Covenant. The Borrower shall lend the entirety of the loan proceeds to the Partnership for development of the Project in accordance with **Exhibit A**, which will be evidenced by a loan agreement and a promissory note, and secured by a leasehold deed of trust (the “**Leasehold Deed of Trust**”) encumbering the Property.

2. **SECURITY**: Repayment of the Promissory Note shall be secured by a Collateral Assignment of Leasehold Deed of Trust (the “**Collateral Assignment**”), in form satisfactory to the City, granted by Borrower.

3. **SUBORDINATION [AND ADDITIONAL DOCUMENTS]**: Borrower shall not subordinate the lien of its Leasehold Deed of Trust or any of its other security interests, liens or other encumbrances created in connection with its loan to the Partnership or modify any such subordination without the express written approval of the Executive Director (the “**Executive Director**”) of the City’s Office of Economic Development (“**OED**”), or his/her permitted designee. The Executive Director or his/her permitted designee is authorized to consent to the Borrower’s subordination of the lien of its Leasehold Deed of Trust and other security interests, liens and encumbrances or modifying such subordination so long as (i) the subordination agreement is substantially in the form attached hereto as **Exhibit D**; (ii) encumbrances prior to the Leasehold Deed of Trust do not exceed Twenty Five Million and No/100 Dollars (\$25,000,000.00); and (iii) Borrower is not then in default of its obligations pursuant to this Loan Agreement, the Promissory Note, or the Collateral Assignment and the Partnership is not then in default of the Leasehold Deed of Trust.

4. **USE AND DISBURSEMENT OF FUNDS**: Loan proceeds will be used to finance costs associated with development of the Property for use as affordable housing, in accordance with **Exhibit A**, attached hereto and incorporated herein. The Borrower shall submit to the City requisitions with documentation of incurred costs on OED approved forms, and otherwise comply with the financial administration requirements set forth in **Exhibit B** attached hereto and incorporated herein. 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 ten percent (10%) of each disbursement of funds, which retainage shall be released upon final inspection and approval of the City and receipt of proof of release of liens from all applicable contractors, subcontractors, and suppliers. In addition, OED shall retain Ten Thousand and No/100 Dollars (\$10,000.00) of the total funds to be disbursed under this Loan Agreement, which retainage shall be released upon receipt from Borrower of all information necessary for the City's reporting requirements. These budget items may be revised with the written approval of OED, provided the revised budget does not exceed the amount of the loan. Expenses incurred prior to March 1, 2018 are not eligible for reimbursement.

**5. DEADLINE FOR DISBURSEMENT OF FUNDS:** Borrower must provide evidence of private funding commitments necessary to develop the affordable housing project on the Property and the final executed partnership agreement for the Project on or before September 1, 2018. Failure to meet this deadline shall result in the termination of this Loan Agreement. No funds shall be disbursed under this Loan Agreement until such time as these conditions are met. Further, all cost overruns and/or funding shortfalls shall be the sole responsibility of the Borrower.

Borrower further agrees that documentation for all draw down requests will be submitted no later than twenty-four (24) months after the date of the Promissory Note. This timeline includes requests for disbursement of the Ten Thousand and No/100 Dollars (\$10,000.00) retainage set forth in Section 4, above. These deadlines may be extended with the written approval of OED.

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

A. Affordability limitations. Five (5) 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 published by the Colorado Housing and Finance Authority ("CHFA"), 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 published by CHFA, with adjustments for number of bedrooms in the unit. Twenty-seven (27) of the units at the Property (the "50% Units") shall have rents not exceeding the lesser of (i) 30% of the annual income of a family whose income equals 50% of the median income for the area, as published by CHFA, with adjustments for number of bedrooms in the unit, or (ii) fair market rent for comparable units in the area as

published by CHFA. Five (5) of the units at the Property (the “40% Units”) shall have rents not exceeding the lesser of (i) 30% of the annual income of a family whose income equals 40% of the median income for the area, as published by CHFA, with adjustments for number of bedrooms in the unit, or (ii) fair market rent for comparable units in the area as published by CHFA. Thirty-one (31) of the units at the Property (the “30% Units”) shall have rents not exceeding the lesser of (i) 30% of the annual income of a family whose income equals 30% of the median income for the area, as published by CHFA, with adjustments for number of bedrooms in the unit, or (ii) fair market rent for comparable units in the area as published by CHFA. The 60% Units, 50% Units, 40% Units and 30% Units are referred to collectively herein as the “City Units”. By executing this Loan Agreement, Borrower acknowledges receipt of CHFA's current rent guidelines from the OED. It shall be Borrower's responsibility to obtain updated guidelines from OED or CHFA to confirm the annual calculation of the maximum rents for the Denver area.

The City shall determine maximum monthly allowances for utilities and services annually using the CHFA model. 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 OED requests rent information from the Borrower.

B. Occupancy/Income Limitations. 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 published by CHFA. 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 published by CHFA, with adjustments for family size. 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 published by CHFA, with adjustments for family size. 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 published by CHFA, with adjustments for family size. By executing this Loan Agreement, Borrower acknowledges receipt of CHFA's current income guidelines from OED. It shall be Borrower's responsibility to obtain updated guidelines from OED or CHFA, and comply with same.

C. Designation of Units. All of the City Units are floating, and are designated as follows:

<b>BUILDING</b>	<b>BEDROOMS</b>	<b>60% Units</b>	<b>50% Units</b>	<b>40% Units</b>	<b>30% Units</b>
3058 Champa	1 Bedroom	1	8	1	10
	2 Bedroom	1	9	1	11
	3 Bedroom	1	3	1	3
3401 Arapahoe	1 Bedroom Senior/Disabled	1	6	1	6
	2 Bedroom Senior/Disabled	1	1	1	1
<b>TOTAL</b>		5	27	5	31

D. Covenant Running with the Land. At closing, Borrower shall execute a covenant in form satisfactory to the City (“**Covenant**”), setting forth the rental and occupancy limitations described in subparagraphs A and B above, which shall be recorded in the real estate 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 a period not less than forty (40) years from the date of the Covenant. Violation of said Covenant shall be enforceable as an event of default pursuant hereto.

7. **LEASES**: Leases or other instruments pursuant to which City Units are occupied by tenants shall be for a period of not less than one year, unless a shorter period is specified with the express approval of the tenant.

8. **PROHIBITED LEASE TERMS**: Leases or other instruments pursuant to which City 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. Notwithstanding the foregoing, the Borrower may offer, but may not mandate, supportive services to tenants.

**9. PROHIBITION OF CERTAIN FEES:** Borrower is prohibited from charging fees that are not customarily charged in rental housing (e.g. laundry room access fees), except that Borrower may charge 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.

**10. TERMINATION OF TENANCY:** A tenant's tenancy of a City Unit may not be terminated and renewal of a tenant's lease of a City Unit may not be refused except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; or for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) days service upon the tenant of a written notice specifying the grounds for the action.

**11. MAINTENANCE AND REPLACEMENT:** Borrower shall cause the Property to be maintained in compliance with all applicable housing quality standards and local code requirements.

**12. TENANT SELECTION:** Borrower shall cause written tenant selection policies and criteria to be adopted 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. 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.

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

**14. AFFIRMATIVE MARKETING:** Borrower shall, and shall cause the Partnership to, comply with the affirmative marketing procedures outlined in the marketing plan, attached hereto as **Exhibit C** and incorporated herein, to provide information and otherwise attract eligible tenants from all racial, ethnic, and gender groups in the Property's housing market area, except that the Borrower or the Partnership may limit eligibility or give preference to a particular segment of the population in accordance with applicable requirements.

**15. EXPENSE:** The Borrower agrees to pay, or to cause the Partnership to pay, all direct costs, expenses and attorney fees reasonably incurred by the City in connection with the Borrower's breach or default of this Loan Agreement or the Promissory Note, Collateral Assignment, or Covenant, and agrees to pay, or to cause the Partnership to pay, reasonable loan closing costs, including the costs of title insurance or guarantee as determined by City.

**16. PUBLICATIONS/ANNOUNCEMENTS:** Contractors using radio or television announcements, newspaper advertisements, press releases, pamphlets, mail campaigns, or any other marketing methods funded by OED, or publicizing activities or projects funded by OED shall first receive approval from OED. 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, Office of Economic Development." OED shall be acknowledged in any events regarding the project being funded, including groundbreaking and openings.

**17. EXAMINATION OF RECORDS/ANNUAL MONITORING:** The Borrower agrees that the City, or any of its duly authorized representatives shall, until the expiration of five (5) years after the expiration of the affordability period set forth in the section above entitled “**RESTRICTIONS ON USE OF PROPERTY,**” have access to and the right to examine any directly pertinent books, documents, papers, and records of the Borrower and the Partnership involving transactions related to this Loan Agreement. Borrower must also require its and the Partnership’s contractors and subcontractors to allow access to such records when requested. Borrower shall, and shall cause the Partnership to, fully cooperate with City in an annual monitoring of Borrower’s and the Partnership’s performance and site inspection to verify compliance with the requirements of this Loan Agreement. The records maintained by Borrower shall include, without limitation, (i) records evidencing the income of each family occupying a City Unit, and (ii) a copy of the lease pursuant to which each City Unit is occupied.

Borrower shall submit to the City the following reports: (1) annual report on rents and occupancy of City Units to verify compliance with affordability requirements in Paragraph 6; (2) Reports (including financial reports) that enable the City to determine the financial condition and continued financial viability of the Project; and (3) for floating units, information on unit substitution and filling vacancies to ensure that the Property maintains the required unit mix.

**18. CONDITIONS:**

A. The obligation of the City to lend the above sums is limited to funds appropriated for the purpose of this Loan Agreement and paid into the City treasury.

B. This Loan Agreement is also subject to the provisions of the City Charter and Revised Municipal Code as the same may be amended from time.

**19. NO DISCRIMINATION IN EMPLOYMENT:** In connection with the performance of work under this Loan Agreement, the Borrower agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability; and further agrees to insert the foregoing provision in all subcontracts hereunder.

**20. INSURANCE:** Borrower, the Partnership 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 or the Partnership, on an occurrence basis with limits not less than \$1,000,000 per occurrence, \$1,000,000 for each personal and advertising injury claims, \$2,000,000 products and completed operations aggregate, and \$2,000,000 policy aggregate. Borrower's and/or the Partnership'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. Special cause of loss form property insurance satisfactory to the City in the amount of the value of the property subject to the Leasehold Deed of Trust and Covenant, with the City named as loss payee.

E. Certificates of Insurance evidencing the above shall be submitted to OED prior to the disbursement of funds hereunder. Policies shall include a waiver of subrogation and rights of recovery as against the City. Insurance companies providing the above referenced coverage must be authorized to issue insurance in Colorado and be otherwise acceptable to the Director of Risk Management.

**21. LIABILITY:** Each Party will be responsible for any and all claims, damages, liability and court awards, including costs, expenses and attorney fees, incurred as a result of its actions or omissions or any action or omission of its officers, employees, and agents in connection with the subject matter of this Agreement or any amendment hereto. Nothing in this Section 21 or any other provision of this Agreement or any Addendum shall be construed as a waiver of the notice requirements, defenses, immunities and limitations the City or Borrower may have under the Colorado Governmental Immunity Act (§24-10-101, C.R. S., et seq.) or to any other defenses, immunities, or limitations of liability available to the City or Borrower by law.

**22. DEFAULT AND ACCELERATION:** Borrower expressly agrees that any breach of this Loan Agreement, the Promissory Note, the Collateral Assignment, or the Covenant

shall constitute a default. The City also may declare a default if any warranty, representation or statement made or furnished to the City by or on behalf of Borrower in connection with this Loan Agreement proves to have been false in any material respect when made or furnished. Upon the existence of a default, and without necessity of notice, presentment, demand, protest, or notice of protest of any kind, all of which are expressly waived by the Borrower, the City shall have the right to accelerate any outstanding obligations of the 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 Collateral Assignment. Upon default, the principal shall draw interest at the rate of fifteen percent (15%) per annum.

The City may also suspend or terminate this Loan Agreement in whole or in part, if Borrower materially fails to comply with any term of this Loan Agreement, including if Borrower becomes delinquent to the City on loan, contractual, or tax obligations as due, or with any rule, regulation or provision referred to herein; and the City may declare the Borrower ineligible for any further participation in City funding, in addition to other remedies as provided by law. In the event there is probable cause to believe the Borrower is non-compliant with any applicable rules, laws, regulations, or Loan Agreement terms, and only after the City provides a 30 day notice to cure that remains uncured by the Borrower, the City may withhold up to one hundred (100%) percent of said Loan Agreement funds until such time as the Borrower is found to be in compliance, or to exercise the City's rights under any security interest arising hereunder.

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

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

**25. WAIVER:** No waiver of any breach or default under this Loan Agreement shall be held to be a waiver of any other or later breach or default. All remedies afforded in this Loan Agreement shall be construed as cumulative, in addition to every other remedy provided herein or by law.

**26. CITY NOT PARTY TO CONSTRUCTION CONTRACT:** The City is not, and nothing in this Loan 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.

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

**28. COUNTERPARTS:** This Loan 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.

**29. NOTICES:** All notices required by the terms of this Loan Agreement must be hand delivered, sent by overnight courier service, mailed by certified mail, return receipt requested, or mailed via United States mail, postage prepaid, if to Borrower at the address first above written, and if to the City at:

Executive Director of the Office of Economic Development or Designee  
City and County of Denver  
201 West Colfax Avenue, Dept. 204  
Denver, Colorado 80202

With a copy of any such notice 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 Loan 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 as

defined in this Loan Agreement.

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

**32. ELECTRONIC SIGNATURES AND ELECTRONIC RECORDS:** Borrower consents to the use of electronic signatures by the City. This Loan 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 Loan 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 Loan 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.

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

**Contract Control Number:**

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:

REGISTERED AND COUNTERSIGNED:

By \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_



**Contract Control Number:**

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

Name: \_\_\_\_\_  
(please print)

Title: \_\_\_\_\_  
(please print)

**ATTEST: [if required]**

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

Name: \_\_\_\_\_  
(please print)

Title: \_\_\_\_\_  
(please print)



EXHIBIT A

**Project Timeline – Platte Valley Homes**  
 3058 Champa Street, Denver, CO 80205  
 3401 Arapahoe Street, Denver, CO 80205

Construction financing closes	May 1, 2018
General Contractor notice to proceed	May 2, 2018
Certificate of Occupancy	September 30, 2019
Lease-up completion date of restricted units	March 15, 2020
Conversion to permanent financing	September 1, 2020

SOURCES (CONSTRUCTION)	
Construction Loan - PAB	\$12,000,000
DHA Carryback Loan	\$4,330,000
DHA Program Funds Loan	\$2,293,853
CDOH	\$0
Denver	\$1,020,000
LIHTC - 4%	\$1,283,051
LIHTC - State	\$348,040
<b>TOTAL</b>	<b>\$21,274,944</b>

USES (CONSTRUCTION)	
Land	\$0
Existing Structures	\$4,330,000
Hard Costs	\$15,175,796
Soft Costs	\$1,532,423
Developer Fee	\$236,724
Reserves	\$0
<b>TOTAL</b>	<b>\$21,274,943</b>

SOURCES (PERMANENT)	
DHA Carryback Loan	\$4,330,000
DHA Program Funds Loan	\$5,651,134
CDOH	\$680,000
Denver	\$1,020,000
LIHTC - 4%	\$8,553,674
LIHTC - State	\$2,320,268
<b>TOTAL</b>	<b>\$22,555,076</b>

USES (PERMANENT)	
Land	\$0
Existing Structures	\$4,330,000
Hard Costs	\$15,175,796
Soft Costs	\$1,602,391
Developer Fee	\$1,266,491
Reserves	\$180,397
<b>TOTAL</b>	<b>\$22,555,075</b>

PROJECT ACTIVITIES			
ACTIVITY	TOTAL COST	CITY FUNDS	OTHER FUNDS
Land	\$0		\$0
Existing Structures	\$4,330,000		\$4,330,000
Hard & Soft Costs	\$16,778,187	\$1,020,000	\$15,758,187
Soft Costs	\$1,602,391		\$1,602,391
Developer Fee	\$1,266,491		\$1,266,491
Reserves	\$180,397		\$180,397
<b>TOTAL</b>	<b>\$22,555,076</b>	<b>\$1,020,000</b>	<b>\$21,535,075</b>

## **EXHIBIT B**

### **FINANCIAL ADMINISTRATION:**

#### **1.1 Compensation and Methods of Payment**

- 1.1.1 Disbursements shall be processed through the Office of Economic Development (OED) - Financial Management Unit (FMU) and the City and County of Denver's Department of Finance.
- 1.1.2 The method of payment to the Contractor by OED shall be in accordance with established FMU procedures for line-item reimbursements. The Contractor must submit expenses and accruals to OED on or before the last day of each month for the previous month's activity. Voucher requests for reimbursement of costs should be submitted on a regular and timely basis in accordance with OED policies. Vouchers should be submitted within thirty (30) days of the actual service, expenditure or payment of expense, except for the final voucher for reimbursement.
- 1.1.3 The Contractor shall submit the final voucher for reimbursement no later than **forty-five (45) days after the end of the contract period.**
- 1.1.4 The Contractor shall be reimbursed for services provided under this Agreement according to the approved line-item reimbursement budget attached to and made a part of this Agreement (Exhibit A).

#### **1.2 Vouchering Requirements**

- 1.2.1 In order to meet Federal Government requirements for current, auditable books at all times, it is required that all vouchers be submitted monthly to OED in order to be paid.
  - a. The first exception will be that expenses cannot be reimbursed until the funds under this contract have been encumbered.
  - b. The second exception will be that costs cannot be reimbursed until they total a minimum of \$35 unless it is a final payment voucher, or the final voucher for the fiscal year (ending December 31).
- 1.2.2 No more than six (6) vouchers may be submitted per contract per month, without prior approval from OED.
- 1.2.3 All vouchers for all Agreements must be correctly submitted within forty-five (45) days of the Agreement end date to allow for correct and prompt closeout.
- 1.2.4 City and County of Denver Forms shall be used in back-up documents whenever required in the Voucher Processing Policy.



- 1.2.5 Only allowable costs determined in accordance with 2 CFR Chapter I, Chapter II, Parts 200, 215, 220, 225 and 230, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (the “OMB Omni Circular”) applicable to the organization incurring the cost will be reimbursed.
- 1.2.6 The reimbursement request, or draw request, for personnel and non-personnel expenses should be submitted to the City on a monthly basis, no later than the last day of the following month for expenses incurred in the prior month. The request for reimbursement should include:
- a. Amount of the request in total and by line item;
  - b. Period of services for current reimbursement;
  - c. Budget balance in total and by line item;
  - d. Authorization for reimbursement by the contract signatory (i.e., executive director or assistant director).
- 1.2.7 If another person has been authorized by the Contractor to request reimbursement for services provided by this contract, then the authorization should be forwarded in writing to OED prior to the draw request.
- 1.2.8 The standardized OED “Expense Certification Form” should be included with each payment request to provide the summary and authorization required for reimbursement.

### **1.3 Payroll**

- 1.3.1 A summary sheet should be included to detail the gross salary of the employee, amount of the salary to be reimbursed, the name of the employee, and the position of the employee. If the employee is reimbursed only partially by this contract, the amount of salary billed under other contracts with the City or other organizations should be shown on the timesheet as described below. Two items are needed for verification of payroll: (1) the amount of time worked by the employee for this pay period; and (2) the amount of salary paid to the employee, including information on payroll deductions.
- 1.3.2 The amount of time worked will be verified with timesheets. The timesheets must include the actual hours worked under the terms of this contract, and the actual amount of time worked under other programs. The total hours worked during the period must reflect all actual hours worked under all programs including leave time. The employee’s name, position, and signature, as well as a signature by an appropriate supervisor, or executive director, must be included on the timesheets. If the timesheet submitted indicates that the employee provided services payable under this contract for a portion of the total time worked, then the amount of reimbursement requested must be calculated and documented in the monthly reimbursement request.

- 1.3.3 A payroll register or payroll ledger from the accounting system will verify the amount of salary. Copies of paychecks are acceptable if they include the gross pay and deductions.

#### **1.4 Fringe Benefits**

- 1.4.1 Fringe benefits paid by the employer can be requested by applying the FICA match of 7.65 percent to the gross salary paid under this contract. Fringe benefits may also include medical plans, retirement plans, worker's compensation, and unemployment insurance. Fringe benefits that exceed the FICA match may be documented by 1) a breakdown of how the fringe benefit percentage was determined prior to first draw request; or, 2) by submitting actual invoices for the fringe benefits. If medical insurance premiums are part of the estimates in item #1, one-time documentation of these costs will be required with the breakdown. Payroll taxes may be questioned if they appear to be higher than usual.

#### **1.5 General Reimbursement Requirements**

- 1.5.1 Invoices: All non-personnel expenses need dated and readable invoices. The invoices must be from a vendor separate from the Contractor, and must state what goods or services were provided and the delivery address. Verification that the goods or services were received should also be submitted, this may take the form of a receiving document or packing slips, signed and dated by the individual receiving the good or service. Copies of checks written by the Contractor, or documentation of payment such as an accounts payable ledger which includes the check number shall be submitted to verify that the goods or services are on a reimbursement basis.
- 1.5.2 Mileage: A detailed mileage log with destinations and starting and ending mileage must accompany mileage reimbursement. The total miles reimbursed and per mile rate must be stated. Documentation of mileage reimbursement to the respective employee must be included with the voucher request.
- 1.5.3 Pager/Cell Phone: Written statement from executive director will be required certifying that cell phone is necessary and reasonable to run the program. And, if the monthly usage charge is exceeded in any month, a detailed phone log will be required for the amount of the overage.
- 1.5.4 Administration and Overhead Cost: Other non-personnel line items, such as administration, or overhead need invoices, and an allocation to this program documented in the draw request. An indirect cost rate can be applied if the Contractor has an approved indirect cost allocation plan. The approved indirect cost rate must be submitted to and approved by OED.
- 1.5.5 Service Period and Closeout: All reimbursed expenses must be incurred during the time period within the contract. The final payment request must be received

by OED within forty-five (45) days after the end of the service period stated in the contract.

## **2.1 Program Income**

- 2.1.1 Program income includes, without limitation, income from fees for services performed, from the use or rental of real or personal property acquired with contract funds, from the sale of commodities or items fabricated under a contract agreement, and from payments of principal and interest on loans made with contract funds.
- 2.1.2 Program income may be deducted from total allowable costs to determine net allowable costs and may be used for current reimbursable costs under the terms of this contract. Program income which was not anticipated at the time of the award may be used to reduce the award contribution rather than to increase the funds committed to the project. ALL PROGRAM INCOME GENERATED DURING ANY GIVEN PERIOD SUBMITTED FOR PAYMENT SHALL BE DOCUMENTED ON THE VOUCHER REQUEST.
- 2.1.3 The Contractor, at the end of the program, may be required to remit to the City all or a part of any program income balances (including investments thereof) held by the Contractor (except AS APPROVED IN WRITING BY OED, INCLUDING those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump sum drawdown, or cash or investments held for section 108 security needs), unless otherwise directed in writing by OED.

## **3.1 Financial Management Systems**

**The Contractor must maintain financial systems that meet the following standards:**

- 3.1.1 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.
- 3.1.2 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.
- 3.1.3 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.

- 3.1.4 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.
- 3.1.5 Applicable OMB Omni Circular cost principles, agency program regulations, and the terms of the agreement will be followed in determining the reasonableness, allowability and allocability of costs.
- 3.1.6 Source documents such as cancelled checks, paid bills, payrolls, time and attendance records, contract documents, etc., shall be provided for all disbursements. The Contractor will maintain auditable records, i.e., records must be current and traceable to the source documentation of transactions.
- 3.1.7 The Contractor shall maintain separate accountability for OED funds as referenced in 24 C.F.R. 85.20 and the OMB Omni Circular.
- 3.1.8 The Contractor 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.
- 3.1.9 A proper filing of unemployment and worker's compensation (for staff only) insurance shall be made to appropriate organizational units.
- 3.1.10 The Contractor shall participate, when applicable, in OED provided staff training sessions in the following financial areas including, but not limited to (1) Budgeting and Cost Allocation Plans; (2) Vouchering Process.

#### **4.1 Audit Requirements**

- 4.1.1 If the Contractor expends seven hundred and fifty thousand dollars (\$750,000) or more of federal awards in the Contractor's fiscal year, the Contractor shall ensure that it, and its sub recipients(s), if any, comply with all provisions of the OMB Omni Circular.
- 4.1.2 A copy of the final audit report must be submitted to the OED 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.
- 4.1.3 A management letter, if issued, shall be submitted to OED along with the reporting package prepared in accordance with the Single Audit Act Amendments and the OMB Omni Circular. 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 OED 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 Management Letter has matters related to OED

funding, the Contactor shall prepare and submit a Corrective Action Plan to OED in accordance with the Single Audit Act Amendments and the OMB Omni Circular, as set forth in 24 C.F.R. Part 45 for each applicable management letter matter.

- 4.1.4 All audit related material and information, including reports, packages, management letters, correspondence, etc., shall be submitted to **OED Financial Management Unit**.
- 4.1.5 The Contractor will be responsible for all Questioned and Disallowed Costs.
- 4.1.6 The Contractor 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 Contractor shall also institute policy and procedures for its sub recipients that comply with these audit provisions, if applicable.

### **5.1 Budget Modification Requests**

- 5.1.1 Minor modifications to the services provided by the Contractor or changes to each line item budget equal to or less than a ten percent (10%) threshold, which do not increase the total funding to the Contractor, will require only notification to OED with the next monthly draw. Minor modifications to the services provided by Contractor, or changes to each line item budget in excess of the ten percent (10%) threshold, which do not increase the total funding to Contractor, may be made only with prior written approval by OED. Such budget and service modifications will require submittal by Contractor of written justification and new budget documents. All other contract modifications will require an amendment to this Agreement executed in the same manner as the original Agreement.
- 5.1.2 The Contractor understands that any budget modification requests under this Agreement must be submitted to OED prior to the last Quarter of the Contract Period, unless waived in writing by the OED Director.

### **6.1 Procurement**

- 6.1.1 The Contractor 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 five thousand dollars (\$5,000) in the aggregate.
- 6.1.2 The Contractor 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, contractor selection or rejection, and the basis for the contract price.

- 6.1.3 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 Contractor will compensate the awarding agency for its share.

## **7.1 Bonding**

- 7.1.1 OED may require adequate fidelity bond coverage, in accordance with 24 C.F.R. 84.21, where the subrecipient lacks sufficient coverage to protect the Federal Government's interest.

## **8.1 Records Retention**

- 8.1.1 The Contractor must retain for five (5) years financial records pertaining to the contract award. The retention period for the records of each fund will start on the day the single or last expenditure report for the period, except as otherwise noted, was submitted to the awarding agency.
- 8.1.2 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.

## **9.1 Contract Close-Out**

- 9.1.1 All Contractors are responsible for completing required OED contract close-out forms and submitting these forms to their appropriate OED Contract Specialist within sixty (60) days after the Agreement end date, or sooner if required by OED in writing.
- 9.1.2 Contract close out forms will be provided to the Contractor by OED within thirty (30) days prior to end of contract.
- 9.1.3 OED will close out the award when it determines that all applicable administrative actions and all required work of the contract have been completed. If Contractor fails to perform in accordance with this Agreement, OED reserves the right to unilaterally close out a contract, "unilaterally close" means that no additional money may be expended against the contract.

## **10.1 Collection of amounts due**

- 10.1.1 Any funds paid to a Contractor in excess of the amount to which the Contractor is finally determined to be entitled under the terms of the award constitute a debt to the Federal Government and the City. If not paid within a reasonable period after demand, OED may 1) Make an administrative offset against other requests for reimbursements, 2) Withhold advance payments otherwise due to the Contractor, or 3) 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

**SUBORDINATION AGREEMENT**

This **SUBORDINATION AGREEMENT** (this “*Agreement*”) dated July [\_\_\_], 2018, is made between the **HOUSING AUTHORITY OF THE CITY AND COUNTY OF DENVER, COLORADO**, a body corporate and politic, authorized by the Laws of the State of Colorado, whose address is 777 Grant Street, Denver, Colorado 80203 (the “*Junior Lender*”) and **ANB BANK**, a Colorado corporation, with a business address of 3033 East First Avenue, Denver, Colorado 80206 (the “*Senior Lender*”).

**PRELIMINARY STATEMENTS**

A. The Junior Lender has or will be making to Platte Valley Homes LLLP, a Colorado limited liability limited partnership (the “*Borrower*”), the following loans for the purpose of financing a portion of the costs of the acquisition and construction by the Borrower of a new multifamily residential rental project to be known as Platte Valley Homes (the “*Project*”) on the real property described in **Exhibit A** attached hereto (the “*Mortgaged Property*”):

- a loan in the amount of \$4,330,000 (the “*DHA Second Loan (Acquisition)*”), to be evidenced by a promissory note of even date herewith (the “*DHA Second Loan (Acquisition) Note*”) and secured by that certain second priority DHA Acquisition Loan Leasehold Deed of Trust, Security Agreement and Financing Statement (the “*DHA Second Loan (Acquisition) Deed of Trust*”) and that certain DHA Acquisition Loan Assignment of Leases and Rents (the “*DHA Second Loan (Acquisition) Assignment of Leases and Rents*”);
- a loan in the amount of \$750,00 (the “*DHA Third Loan (Capital Grant Program Funds)*”), to be evidenced by a promissory note of even date herewith (the “*DHA Third Loan (Capital Grant Program Funds) Note*”) and secured by that certain third priority DHA Capital Grant Program Funds Loan Leasehold Deed of Trust, Security Agreement and Financing Statement (the “*DHA Third Loan (Capital Grant Program Funds) Deed of Trust*”) and that certain DHA Capital Grant Program Funds Loan Assignment of Leases and Rents (the “*DHA Third Loan (Capital Grant Program Funds) Assignment of Leases and Rents*”);
- a loan in the amount of \$2,655,405 (\$1,780,000 during construction) (the “*DHA Fourth Loan (Program Funds)*”), to be evidenced by a promissory note of even date herewith (the “*DHA Fourth Loan (Program Funds) Note*”) and secured by that certain fourth priority [DHA Program Funds Loan Leasehold Deed of Trust, Security Agreement and Financing Statement (the “*DHA Fourth Loan (Program Funds) Deed of Trust*”) and that certain DHA Program Funds Loan Assignment of Leases and Rents (the “*DHA Fourth Loan (Program Funds) Assignment of Leases and Rents*”);
- a loan in the amount of \$680,000 (the “*DHA Fifth Loan (State HDG Funds)*”), to be evidenced by a promissory note of even date herewith (the “*DHA Fifth Loan (State HDG Funds) Note*”) and secured by that certain fifth priority DHA State HDG Funds Loan Leasehold Deed of Trust, Security Agreement and Financing Statement (the “*DHA Fifth Loan (State HDG Funds) Deed of Trust*”) and that certain [DHA State HDG Funds Assignment of Leases and Rents (the “*DHA Fifth Loan (State HDG Funds) Assignment of Leases and Rents*”); and
- a loan in the amount of \$1,020,000 (the “*DHA Sixth Loan (City Funds)*”), to be evidenced by a promissory note of even date herewith (the “*DHA Sixth Loan (City Funds)*”) and secured by that certain sixth priority [DHA City Funds Loan Leasehold Deed of Trust, Security Agreement and Financing Statement (the “*DHA Sixth Loan (City Funds) Deed of Trust*”) and

that certain DHA City Funds Assignment of Leases and Rents (the “*DHA Sixth Loan (City Funds) Assignment of Leases and Rents*”).

Collectively, (a) the DHA Second Loan (Acquisition), DHA Third Loan (Capital Grant Program Funds), DHA Fourth Loan (Program Funds), DHA Fifth Loan (State HDG Funds) and DHA Sixth Loan (City Funds) are referred to herein as the “*Junior Loans*”, (b) the DHA Second Loan (Acquisition) Note, DHA Third Loan (Capital Grant Program Funds) Note, DHA Fourth Loan (Program Funds) Note, DHA Fifth Loan (State HDG Funds) Note and DHA Sixth Loan (City Funds) Note are referred to herein as the “*Junior Notes*”, (c) the DHA Second Loan (Acquisition) Deed of Trust, DHA Third Loan (Capital Grant Program Funds) Deed of Trust, DHA Fourth Loan (Program Funds) Deed of Trust, DHA Fifth Loan (State HDG Funds) Deed of Trust, and DHA Sixth Loan (City Funds) Deed of Trust are referred to herein as the “*Junior Deeds of Trust*” and (d) the DHA Second Loan (Acquisition) Assignment of Leases and Rents, DHA Third Loan (Capital Grant Program Funds) Assignment of Leases and Rents, DHA Fourth Loan (Program Funds) Assignment of Leases and Rents, DHA Fifth Loan (State HDG Funds) Assignment of Leases and Rents, and DHA Sixth Loan (City Funds) Assignment of Leases and Rents are referred to herein as the “*Junior Assignments of Leases and Rents*”.

B. Borrower, Bank and the Housing Authority of the City and County of Denver, Colorado, a public body corporate and politic, organized and existing under the laws of the State of Colorado, in its capacity as the issuer of the Bonds defined below (“*Issuer*”), contemporaneously herewith have entered into that certain Financing Agreement, dated July 1, 2018 (as the same may from time to time be amended, modified, extended, renewed or restated, the “*Financing Agreement*”). In addition, Borrower and Bank have entered into that certain Continuing Covenant Agreement, dated July 1, 2018 (the “*CCA*”). Pursuant to the Financing Agreement and the CCA, Bank has agreed to make a loan to the Issuer (the “*Issuer Loan*”) in exchange for its \$12,500,000 maximum principal amount Multifamily Housing Revenue Bond (Platte Valley Homes Project), Series 2018 (the “*Bond*”), by advancing the par amount thereof from time to time, the proceeds of which the Issuer will lend to Borrower (the “*Borrower Loan*”), for the purpose of financing a portion of the costs of the acquisition and construction of the Project. Following the Construction Period (as such term is defined in the CCA), \$1,540,000 or less of the \$12,500,000 in maximum principal amount of the Bond may be converted to permanent indebtedness

C. Borrower’s obligations to repay the Borrower Loan are further evidenced by a promissory note dated as of even date herewith (the “*Borrower Note*”), executed by Borrower in the original principal amounts of \$12,500,000 and payable to Issuer. To secure the Bond, Issuer has assigned to Bank all of Issuer’s rights and interests in the Financing Agreement (other than certain unassigned rights set forth therein) and the Borrower Note.

D. Borrower’s obligations to Issuer and Bank under the Borrower Note are secured by, among other things, (i) that certain Leasehold Deed of Trust with Security Agreement and Fixture Filing, dated as of even date hereof (as the same may be amended from time to time, “*Senior Deed of Trust*”), made by Borrower in favor of the Public Trustee of the City and County of Denver for the benefit of Bank and (ii) that certain Assignment of Leases and Rents, dated as of even date hereof (as the same may be amended from time to time, “*Senior Assignment*”, and together with the Senior Deed of Trust the “*Senior Security Instruments*”), made by Borrower in favor of Bank. The Senior Security Instruments are being recorded substantially concurrently herewith in the Office of the Clerk and Recorder of the City and County of Denver, Colorado (“*Official Records*”). The Financing Agreement, Senior Security Instruments, the CCA and the Borrower Note are hereinafter collectively referred to as the “*Senior Loan Documents*”.

E. As a condition to the making of the Issuer Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement prior to the making of the Junior Loans and the granting of the

Junior Deeds of Trust and the Junior Assignments of Leases and Rents by Borrower.

## 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. 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 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 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 Notes, the Junior Deeds of Trust and the Junior Assignments of Leases and Rents, 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.

*“Declaration of Trust/Restrictive Covenants”* means that certain Declaration of Trust/Restrictive Covenants dated on or about the date hereof made by the Borrower and the Housing Authority of the City and County of Denver, Colorado (“DHA”), a public body corporate and politic, organized and existing under the laws of the State of Colorado, in its capacity as the fee owner of the Mortgaged Property for the benefit of the United States of America by and through the Secretary of Housing and Urban Development, and to be recorded, as the same may be modified or amended from time to time.

*“Ground Lease”* means that certain Ground Lease, or memorandum thereof, dated as of the date hereof between the Borrower and DHA, which is to be recorded, as the same may be modified or amended from time to time.

*“Regulatory and Operating Agreement”* means that certain Regulatory and Operating Agreement or memorandum thereof, dated as of the date hereof between the Borrower and DHA, which is to be recorded, as the same may be modified or amended from time to time.

2. Subordination. All Junior Obligations are hereby expressly subordinated to the extent and in the manner hereinafter set forth to the payment in full of the Senior Obligations. The Junior Lender hereby agrees that (regardless of any priority otherwise available to the Junior Lender by law or by agreement) any security interest, deed of trust lien or other encumbrance that the Junior Lender might now hold in the Mortgaged Property, is fully subordinate to any security interest, deed of trust lien or other encumbrance that the Senior Lender may now or hereafter hold in the Mortgaged Property. The Senior Lender agrees that in no event shall this Agreement be deemed to subordinate the Ground Lease, Declaration of Trust/Restrictive Covenants, or the Regulatory and Operating Agreement to any Senior 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 (i) a pledge of any of the Mortgaged Property as security for the Junior Obligations, or (ii) except for the Ground Lease, Declaration of Trust/Restrictive

Covenants, Regulatory and Operating Agreement and other permitted encumbrances set forth in the Senior Lender's title policy, a grant of any security interest or any other lien, 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 and is continuing 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 scheduled payments then due and owing made in connection with the Junior Obligations. Payments received in violation of this paragraph will be held for the benefit of the Senior Lender.

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 Loan Documents (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, the Junior 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. Notwithstanding the foregoing, Senior Lender agrees to comply with the terms of the CACC (as defined in the Ground Lease) with regard to insurance or condemnation award proceeds in the event of a casualty or condemnation of all or a part of the Project.

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 unreasonably withheld or delayed. In addition, and without limiting the generality of the foregoing, if the Borrower is in default under any Senior Loan Document and the Senior Lender or Borrower intends to sell any part of the Mortgaged Property to an unrelated third party, the Junior Lender shall, upon the Senior Lender's request, promptly execute and deliver to such purchaser such instruments as may reasonably be necessary to terminate and release any security interest or lien the Junior Lender might have in the Mortgaged Property to be sold. Notwithstanding the foregoing, Senior Lender acknowledges that Junior Lender, as a public housing authority, may be required to take certain actions required by HUD to comply with applicable HUD requirements.

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 liens of, the Junior Deeds 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.

*{Signature Page Follows.}*

**Signature Page**  
***to Subordination Agreement***

*Re: Housing Authority of the City and County of Denver,  
Colorado Multifamily Housing Revenue Bonds (Platte Valley Homes Project) Series 2018*

Each of the parties below has caused this Agreement to be executed as of the date first set forth above by an authorized officer or representative.

**SENIOR LENDER:**

**ANB BANK**

By: \_\_\_\_\_  
Jennifer Vagher, Community Bank President

STATE OF COLORADO

CITY AND COUNTY OF DENVER

The foregoing instrument was acknowledged before me this \_\_\_ day of July, 2018, by Jennifer Vagher, as Community Bank President of ANB Bank, a Colorado corporation.

Witness my hand and official seal.

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

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

[SEAL]

**Signature Page**  
***to Subordination Agreement (continued)***

*Re: Housing Authority of the City and County of Denver,  
Colorado Multifamily Housing Revenue Bonds (Platte Valley Homes Project) Series 2018*

**JUNIOR LENDER:**

**HOUSING AUTHORITY OF THE CITY AND COUNTY  
OF DENVER, COLORADO**, a body corporate and politic,  
authorized by the laws of the State of Colorado

By: \_\_\_\_\_  
Ismael Guerrero, Executive Director

STATE OF COLORADO  
CITY AND COUNTY OF DENVER

The foregoing instrument was acknowledged before me this \_\_\_\_ day of July, 2018, by Ismael Guerrero, as Executive Director of the Housing Authority of the City and County of Denver, Colorado, a body corporate and politic, authorized by the laws of the State of Colorado.

Witness my hand and official seal.

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

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

[SEAL]



**Signature Page**  
**to Subordination Agreement (continued)**

*Re: Housing Authority of the City and County of Denver,  
Colorado Multifamily Housing Revenue Bonds (Platte Valley Homes Project) Series 2018*

*Acknowledgement of Borrower:*

**PLATTE VALLEY HOMES LLLP**, a Colorado limited liability limited partnership

*By: PVH Housing LLC, a Colorado limited liability company, its general partner*

*By: Housing Authority of the City and County of Denver, Colorado, a body corporate and politic, authorized by the laws of the State of Colorado, its sole member*

By: \_\_\_\_\_  
Ismael Guerrero, Executive Director

STATE OF COLORADO  
CITY AND COUNTY OF DENVER

The foregoing instrument was acknowledged before me this \_\_\_\_ day of July, 2018, by Ismael Guerrero, as Executive Director of the Housing Authority of the City and County of Denver, Colorado, a body corporate and politic, authorized by the laws of the State of Colorado, which is the sole member of PVH Housing LLC, a Colorado limited liability company, which is the general partner of Platte Valley Homes LLLP, a Colorado limited liability limited partnership.

Witness my hand and official seal.

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

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

[SEAL]

**Exhibit A**  
**to Subordination Agreement**

*Re: Housing Authority of the City and County of Denver,  
Colorado Multifamily Housing Revenue Bonds (Platte Valley Homes Project) Series 2018*

***Property Description***

**Building A – Parcel 3**

Lots Twenty-Eight (28) to Thirty-Two (32), inclusive,  
Block Sixty-Two (62)  
Case and Ebert's Addition to the City of Denver,  
City and County of Denver,  
State of Colorado

**Building B – Parcel 1**

Lots One (1) to Five (5), Inclusive,  
Block Sixty-Two (62),  
Case and Ebert's Addition to The City of Denver,  
City and County of Denver,  
State of Colorado

**Building C – Parcel 2**

Lots Seventeen (17) to Twenty-One (21), Inclusive,  
Block Sixty-Two (62),  
Case and Ebert's Addition to The City of Denver,  
City and County of Denver,  
State of Colorado

**Senior Building – 34 & Arapahoe**

Lots 17 to 19, Inclusive, Block 39,  
Case and Ebert's Addition to The City of Denver,  
City and County of Denver,  
State of Colorado