LOAN AGREEMENT
(LINKAGE FEE)

THIS LOAN AGREEMENT ("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 **MHMP 20 LORETTO LLLP**, a Colorado limited liability limited partnership whose address is 1600 Broadway, Ste 2000, Denver, CO 80202 ("Borrower"), each individually a "Party" and collectively the "Parties."

WITNESSETH

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

WHEREAS, the purpose of this Agreement is for the City to provide financing costs related to the development and construction of one hundred (100) affordable multi-family dwelling units located on the Property which will be known as Loretto Heights Family Apartments (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. **<u>LOAN TO BORROWER</u>**: Subject to the terms of this Agreement, the City agrees to lend Borrower the sum of **THREE MILLION SEVEN HUNDRED EIGHTY-TWO THOUSAND DOLLARS AND NO/100 ($3,782,000.00)** (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.

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 first day of the 240th month following the date of execution 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 2980 S. Pancratia Street, Denver, Colorado 80236 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 the form attached hereto as **Exhibit E**, with the final form being satisfactory to the City Attorney; (ii) encumbrances prior to the City's Deed of Trust do not exceed Thirty-One Million Seven Hundred Thousand Dollars and No/100 ($31,700,000) under the construction loan(s) or Sixteen Million Dollars and No/100 ($16,000,000.00) 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 ("LURAs"), such as the LURA 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 Thirty-One Million Seven Hundred Thousand Dollars and No/100 ($31,700,000) under the construction loan(s) or Sixteen Million Dollars and No/100 ($16,000,000.00) 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 Thirty-One Million Seven Hundred Thousand Dollars and No/100 ($31,700,000) under the construction loan(s) or Sixteen Million Dollars and No/100 ($16,000,000.00) 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. <u>USE AND DISBURSEMENT OF FUNDS</u>:

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 hard construction costs, professional fees, and soft costs. The approximate budget for the Loan proceeds be as follows:

Uses	**Total**	
Hard Costs & Site Work	$27,848,760	Approved for City Funds
Professional Fees	$1,527,537	
Soft Costs	$536,830	
Land & Buildings	$2,435,545	Other Funding Sources
Syndication Costs	$172,000	
Construction Interim Costs	$5,846,802	
Permanent Financing	$679,744	
Developer Fees	$4,373,026	
Reserves	$1,087,321	
Total	**$44,507,565**	

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 June 26, 2025 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 June 30, 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 quarterly 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. Fifteen (15) 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 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

30% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

ii. Eight (8) 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.

iii. Forty-Four (44) 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. Thirty-Three (33) 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.

v. The 30% Units, 50% Units, 60% Units, and 70% 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.

vi. The City shall determine maximum monthly allowances for utilities and services annually in accordance with 24 C.F.R. § 92.252(d)(1), as determined by CHFA, 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 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.

ii. 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.

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 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.

v. 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:

BEDROOMS	**30% Units**	**50% Units**	**60% Units**	**70% Units**	**# of Units**
1 Bedroom	6	3	21	15	45
2 Bedroom	4	2	14	11	31
3 Bedroom	5	3	9	7	24
TOTAL	15	8	44	33	100

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

8. <u>TENANT SELECTION</u>: The Borrower of the Project must adopt and have approved by the City written tenant selection polices. 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. <u>AFFIRMATIVE MARKETING</u>: The Borrower 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 Borrower of the Project for a period of not less than one year, unless by mutual agreement between the tenant and the Borrower 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 Borrower in a lawsuit brought in connection with the lease.

B. Treatment of Property. Agreement by the tenant that the Borrower 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 Borrower may dispose of personal property remaining in the unit after the tenant has moved out in accordance with Colorado law.

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

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

E. Waiver of Legal Proceedings. Agreement by the tenant that the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Mercy Housing Management Group ("Property Manager"). Borrower shall notify the City of any (i) changes to the property manager of the Property and (ii) of any significant changes staffing changes to the property 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. <u>Records Related to Affordable Units</u>. 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. <u>Required Information and Reports</u>. 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. <u>Access and Inspections</u>. 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**: After the property has been placed-in-service, 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 foregoing, the Property and/or Project may be encumbered by deeds of trust, restrictive covenants or regulatory agreements arising from funding for the Project as set forth in the Deed of Trust executed in accordance with Section 3 or as provided in subordination agreements executed in accordance with this Agreement for which the Borrower has provided the City with prior evidence in accordance with Section 21.H and may be transferred pursuant to a foreclosure or deed in lieu of foreclosure as otherwise provided by law without prior written consent of the City. Furthermore, the City's consent shall not be required for (A) any transfer of a limited partner interest in Borrower as permitted by Borrower's partnership agreement, or to Borrower or any affiliate of Borrower, or (B) any collateral assignment of a general partner's partnership interests of Borrower as security for senior loan financing of the Project, exercise of remedies thereunder or transfer thereafter. Subject to the foregoing sentence, the removal, replacement, or transfer of interest of the general partner of Borrower as permitted by the Borrower's partnership agreement shall not require the prior written consent of the City, but only if the replacement general partner of Borrower is U.S. Bancorp Community Development Corporation or an affiliate thereof. Any subsequent replacement of the general partner of Borrower shall require the prior written consent of the City, which shall not be unreasonably withheld, conditioned, or delayed, provided the replacement general partner has affordable housing experience and otherwise meets the City's reasonable standards being applied at such time.

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 Borrower 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 Borrower 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-complete 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 limited partnership 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, certificate of limited partnership, a partnership agreement, a certificate of good standing, an incumbency certificate, and a Board resolution authorizing the loan to the Borrower.

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.

K. **Market Study.** Borrower must provide the City with a market study no older than six months at loan closing.

L. **SDP; Building Permits.** Borrower must provide the City with evidence of approval of the site use development plan and all building permits.

M. **DHA SLP Addendum.** Borrower must provide the City with a copy of the DHDP Special Limited Partner Addendum to the Borrower's partnership agreement stating that the Property will have a 100% property tax exemption.

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 hereby confirms that the Treasury of the City is holding all funds necessary to fund the Loan in full, and all such funds have been encumbered to provide financing for the Project, in accordance with 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. Errors & Omissions insurance during design.

B. 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.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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 thirty (30) 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. HOST shall provide a copy of any notice of default sent to Borrower to the limited partner at the address set forth in Section 27. The limited partner shall have the right, but not the obligation, to cure any default under the Loan documents during the Cure Periods and any cure tendered by the limited partner of Borrower shall be accepted by the City as if tendered by Borrower.

C. Acceleration; Interest Upon Default; and Withholding Disbursements. Upon the existence of a default and the failure to cure within the 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, 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.

D. 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. 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:

MHMP 20 Loretto LLLP

c/o Mercy Housing Mountain Plains
1600 Broadway, Suite 2000
Denver CO 80202
Attn: Joe Rosenblum, General Counsel

With a copy to:

Applegate & Thorne-Thomsen

425 S. Financial Place, Suite 1900

Chicago, IL 60605

Attn: Paul Davis

If written notice of a default, with a copy to:

U.S. Bancorp Impact Finance
505 North Seventh Street
SL-MO-T10F
St. Louis, MO 63101
USB Project No: 31243
Attn: Director of LIHTC Asset Management

and

USB Colorado State Investor I, LLC
c/o U.S. Bancorp Impact Finance
505 North Seventh Street
SL-MO-T10F
St. Louis, MO 63101
USB Project No: 31243
Attn: Director of LIHTC Asset Management

and

Jill Goldstein, Esq.
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102

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.

28. **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.

29. **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.

30. **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.

31. **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.

32. **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.

33. **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.

34. **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.

35. **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.

36. **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.

37. **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.

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

39. **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

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Contract Control Number: HOST-202580935-00
Contractor Name: MHMP 20 LORETTO LLLP

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: HOST-202580935-00
Contractor Name: MHMP 20 LORETTO LLLP

By: DocuSigned by: Shelly Marquez 964350AD7FB94E7...

Name: Shelly Marquez
(please print)

Title: President
(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 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:

PARCEL A:

LOT 1, BLOCK 6, LORETTO HEIGHTS FILING NO. 1, CITY AND COUNTY OF DENVER, STATE OF COLORADO.

PARCEL B:

LOT 7, BLOCK 3, LORETTO HEIGHTS FILING NO. 1, CITY AND COUNTY OF DENVER, STATE OF COLORADO.

Purported address (for information only): 2980 SOUTH PANCRATIA STREET, DENVER, CO 80236

EXHIBIT E

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 **MERCY HOUSING, INC.**, a Nebraska nonprofit corporation, whose address is 1600 Broadway, Suite 2000, Denver, Colorado 80202 (the "Senior Lender").

PRELIMINARY STATEMENTS

A. The Junior Lender has made a loan to **MHMP 20 LORETTO LLLP**, a Colorado limited liability limited partnership (the "Borrower") in the principal amount of $3,782,000.00 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 [___________] 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. _____________ of the real property records in the office of the Clerk and Recorder of the City and County of Denver, State of Colorado.

C. The Senior Lender plans to grant or has granted Borrower a loan of $1,200,000.00, which loan will be evidenced by that certain Promissory Note ("Senior Note") in like amount and secured by that certain a deed of trust ("Senior Deed of Trust") which will cover and encumber all or part of the Mortgaged Property (the "Senior Note," and together with the Senior Deed of Trust and all other documents evidencing, securing or executed in connection with the Senior Obligations (defined below) are collectively, the "Senior Loan Documents"); and the Senior Deed of Trust will be recorded in the records of the office of the Clerk and Recorder of the City and County of Denver, State of Colorado.

D. 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 and Senior Obligations.

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 and 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 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, 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.

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 and the terms of the Senior 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.

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. 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. 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 the Senior 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 or lien the Junior Lender acquired in connection with Junior Loan.

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. 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 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. Default under Senior Loan Documents. Junior Lender agrees that a default under the Senior 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 or Senior Deed of Trust, or (ii) Senior Lender has taken affirmative action to exercise its rights under the Senior 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. If at any time Borrower cures any default under the Senior 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.

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; and (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.

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 (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 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 Deed of Trust and the other Junior Loan Documents 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 _____, 2025, 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"

MERCY HOUSING, INC.,
A Nebraska nonprofit corporation

By:____
Title:

\

State of Colorado)
) ss.
County of)

The foregoing instrument was subscribed to and acknowledged before me this _____ day of _____, 2025, by ____________, as ______________ of ____________________

Witness my hand and official seal.
My commission expires: ________________.

____
Notary Public

Acknowledged by BORROWER:

MHMP 20 LORETTO LLLP,
a Colorado limited liability limited partnership

By: MHMP 20 Loretto GP LLC,
a Colorado limited liability company
its General Partner

By: Mercy Housing Mountain Plains,
a Colorado nonprofit corporation,
its sole Member and Manager

By: ______________________________
Shelly Marquez
President

ATTACHMENT A

[INSERT LEGAL DESCRIPTION]

EXHIBIT E-1

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Davis Wright Tremaine LLP
350 South Grand Avenue, 27th Floor
Los Angeles, California 90071
Attention: Nancy B. Clapp

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT
(City and County of Denver)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE ESTATES IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is made as of _______________, 2025, by and among **MHMP 20 LORETTO LLLP**, a Colorado limited liability limited partnership ("**Borrower**"), **CITY AND COUNTY OF DENVER, COLORADO** ("**City**"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, (together with its successors and assigns, "**Senior Lienholder**").

RECITALS

A. Borrower owns (i) that certain real estate more particularly described on Exhibit A ("**Real Property**") and all improvements ("**Improvements**") now or hereafter located on such Real Property; and (ii) that certain personal property more particularly described in the Senior Loan Documents (the "**Personal Property**"; together with the Real Property and the Improvements, the "**Property**").

B. The City and County of Denver, Colorado, a home rule city, municipal corporation and political subdivision of the State of Colorado ("**Issuer**"), has agreed to issue its Multifamily Housing Revenue Bonds (Loretto Heights Family Apartments) Series 2025A (the "**Series 2025A Bonds**") in the face principal amount of $23,000,000, and its Multifamily Housing Revenue Bonds (Loretto Heights Family Apartments) Taxable Series 2025B (the "**Series 2025B Bonds**", and together with the Series 2025A Bonds, the "**Bonds**") in the face principal amount of $_________________, pursuant to that certain Financing Agreement dated as of ___________________, 2025 (the "**Bond Financing Agreement**"), by and among Issuer, Borrower and Senior Lienholder. Senior Lienholder has agreed to purchase the Bonds and Issuer has agreed to use the proceeds thereof to make a loan (the "**Senior Loan**") to Borrower in the maximum principal amount of $________________, pursuant to the Bond Financing Agreement and that certain Bond Purchase and Construction Loan Agreement dated as of the date hereof, by and among Issuer, Bank and Borrower (as the same may, from time to time, be amended, modified, extended, renewed or restated, the "**Senior Loan Agreement**").

C. Borrower's obligations to repay the Senior Loan are further evidenced by those promissory notes given by Borrower to the Issuer (as the same may be amended, supplemented, renewed or replaced from time to time, collectively, the "**Senior Notes**").

D. Borrower's obligations to Senior Lienholder under the Senior Loan Agreement and Senior Notes are secured by, among other things, (1) that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the date hereof ("**Senior Deed of Trust**"), made by Borrower for the benefit of Senior Lienholder, and (2) the "Loan Documents" described in the Senior Loan Agreement. The Senior Deed of Trust is recording in the Office of the County of Denver, State of Colorado ("**Official Records**") substantially concurrently herewith. The Senior Loan Agreement, the Senior Deed of Trust, the Senior Notes and the other "Loan Documents" (as defined in the Senior Loan Agreement) are hereinafter collectively referred to as the "**Senior Loan Documents**".

E. As used herein, the term "**Senior Lienholder Indebtedness**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Senior Lienholder under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

F. Pursuant to that certain ///[Forward Bond Purchase Agreement]/// dated as of _______________, 2025 (the "**Forward Purchase Agreement**"), by and among Borrower, Senior Lienholder and Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation ("**CRBT**"), CRBT has agreed, subject to the satisfaction of the terms and conditions set forth therein, to purchase up to $__________________ in principal amount of the Series 2025A Bonds from Senior Lienholder and receive an assignment from Senior Lienholder of its rights in and to the Series 2025A Bonds, the Senior Loan Agreement, the Senior Notes, the Senior Deed of Trust, and the other Senior Loan Documents. From and after CRBT's purchase of the Series 2025A Bonds, CRBT shall be the "Senior Lienholder" hereunder, and the Senior Loan Agreement, the Senior Notes, the Senior Deed of Trust and the other Senior Loan Documents, each, as may be amended and restated in their entirety by Borrower and CRBT, shall constitute the "Senior Loan Documents" hereunder.

G. Each of the documents listed on Exhibit B, together with all other documents and materials entered into with the City with respect to the Property shall be referred to collectively as the "**Junior Obligation Documents**".

H. As used herein, the term "**Junior Obligations**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to the City under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

I. Pursuant to the Senior Deed of Trust and the other Senior Loan Documents, Borrower is not entitled to encumber the Property without the prior written consent of Senior Lienholder, which consent may be withheld in Senior Lienholder's sole discretion.

J. It is a condition precedent to Senior Lienholder entering into the Senior Loan Documents and Senior Lienholder making the Senior Loan to Borrower that (1) the Senior Deed of Trust and the other Senior Loan Documents be and remain at all times a lien or charge upon the Property, prior and superior to the encumbrance of the Junior Obligation Documents, and (2) City will specifically subordinate the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and the other Senior Loan Documents.

K. City is willing that the Senior Loan Documents shall constitute a lien or charge upon the Property which is prior and superior to the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

L. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Senior Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Lienholder to make the Senior Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The Senior Deed of Trust in favor of Senior Lienholder, and all amendments, modifications, extensions and renewals thereof, shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the lien or charge of the Junior Obligation Documents (except amendments which (a) increase the stated rate of interest on the Senior Loan, and/or (b) increase the maximum stated principal amount of the Senior Loan (other than by advances for purposes of (1) protecting or further securing the lien of the Senior Deed of Trust, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Deed of Trust, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property (collectively, "**Protective Advances**"))). Notwithstanding anything to the contrary contained herein, the City's agreement to subordinate the Junior Obligation Documents shall not extend to any increases in the principal amount of the Senior Loan which result in a principal amount in excess of $31,700,000 (except to the extent arising from Protective Advances for real property taxes or premiums for the insurance required under the Senior Loan Documents) without City's prior consent, which shall not be unreasonably withheld, conditioned or delayed. City intentionally and unconditionally waives, relinquishes and subordinates the encumbrance of the Junior Obligation Documents in favor of the lien or charge upon said land of the Senior Deed of Trust in favor of Senior Lienholder, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

2. Only Agreement Regarding Subordination. Senior Lienholder would not make the Senior Loan without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between said deed of trust and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, Senior Lienholder is under no obligation or duty to, nor has Senior Lienholder represented that it will, see to the application of such proceeds by the Person or Persons to whom Senior Lienholder disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Document(s) shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. City consents to the subordination of the Junior Obligation Documents. No decision by City to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. City and Borrower declare, agree, and acknowledge that:

5.1 Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Senior Lienholder Indebtedness, as set forth herein.

5.2 Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all payments under the Senior Deed of Trust and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no Event of Default exists under the Loan Agreement and no event exists which, with the lapse of time or the giving of notice or both, would be an Event of Default under the Senior Lienholder Indebtedness of which City has received notice; and (ii) the payment would not result in a violation of any of Borrower's financial covenants set forth in any of the documents evidencing the Loan ("**Permitted Payments**").

5.3 Payment Subordination. Except for any Permitted Payments, (a) all of the Senior Lienholder Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Senior Lienholder Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Senior Lienholder the full amount of the Senior Lienholder Indebtedness before making any payments to City due under the Junior Obligations.

5.4 Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if City shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Senior Lienholder after notice to City.

5.5 Repayment of Senior Lienholder Indebtedness. This Agreement shall remain in full force and effect until all amounts due under the Note and the Loan Agreement are fully repaid in accordance with its terms and all of the terms of this Agreement have been complied with.

5.6 Standstill. City agrees that, without the Senior Lienholder's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

6. Senior Lienholder Agreements. Senior Lienholder agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless City has first been given thirty (30) days written notice of the Event(s) of Default giving Senior Lienholder the right to complete such Foreclosure Remedy, and unless City has failed, within such thirty (30) day period, to cure such Event(s) of Default; provided, however, that Senior Lienholder shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Loan Documents, including, but not limited to, acceleration of the Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lienholder has accelerated the Senior Loan and City cures all Events of Default giving rise to such acceleration within the thirty (30)

day cure period described above, such cure shall have the effect of de-accelerating the Loan; provided, however, that such de-acceleration shall not waive or limit any of Senior Lienholder's rights to accelerate the Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Senior Lienholder shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to City for failure to provide timely notice to City required hereunder, and that Senior Lienholder's liability hereunder shall be expressly limited to actual and consequential damages to City directly caused by Senior Lienholder's completion of a Foreclosure Remedy without City receiving the notice and opportunity to cure described above. Senior Lienholder shall give City notice at the address set forth below or such other address as City may instruct Senior Lienholder in writing from time to time:

City and County of Denver
201 West Colfax Avenue, Dept. 615
Denver, Colorado 80202
Attention: Executive Director of the Department of Housing Stability

With a copy to:

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

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankrup4tcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. Casualty Insurance Proceeds; Condemnation Proceeds. In the event Senior Lienholder shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, City shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of City's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. City agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Senior Lienholder elects, in accordance with Colorado law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Senior Lienholder holds such proceeds, awards or compensation and/or monitors the disbursement thereof, City agrees that Senior Lienholder may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which City is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lienholder, in any way whatsoever, to act for or on behalf of City or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of City, and all or any of such sums so held or monitored may be commingled with any funds of Senior Lienholder.

5. Effect of Other Agreements. The relationship between Borrower and Senior Lienholder under the Senior Loan Documents is, and shall at all times remain, solely that of Property owner and

lender. Based thereon, City acknowledges and agrees that Senior Lienholder neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or City to guarantee or assist in Borrower's or City's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

6. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of Colorado. If City or any affiliate of City shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Deed of Trust and the other Senior Loan Documents as provided herein, and City hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full and all Senior Lienholder's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

[*Remainder of Page Intentionally Left Blank*]

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

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

CITY:

CITY AND COUNTY OF DENVER, COLORADO

By: ___________________________________
Name: ___________________________________
Title: ___________________________________

BORROWER:

MHMP 20 LORETTO LLLP,
a Colorado limited liability limited partnership

By: MHMP 20 Loretto GP LLC,
a Colorado limited liability company,
its General Partner

By: Mercy Housing Mountain Plains,
a Colorado nonprofit corporation,
its sole Member and Manager

By: ____________________________
Shelly Marquez
President

SENIOR LIENHOLDER:

U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: ______________________________
Amanda Willbrand
Vice President

ACKNOWLEDGMENT

STATE OF COLORADO
) ss.
COUNTY OF ______________)

The foregoing instrument was acknowledged before me this _____ day of _________________, 2025, by Shelly Marquez, as President of Mercy Housing Mountain Plains, a Colorado nonprofit corporation, in its capacity as the sole Member and Manager of MHMP 20 Loretto GP LLC, a Colorado limited liability company, in its capacity as the sole General Partner of MHMP 20 Loretto LLLP, a Colorado limited liability limited partnership.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

ACKNOWLEDGMENT

STATE OF _________________)
) ss.
CITY OF __________________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2025, by _________________, as _____________________ of City and County of Denver, Colorado.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

ACKNOWLEDGMENT

STATE OF ________________)
) ss.
CITY OF _________________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2025, by Amanda Willbrand, as Vice President of U.S. Bank National Association, a national banking association.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

EXHIBIT A

Legal Description

EXHIBIT B

Junior Obligation Documents

1. Loan Agreement (Linkage Fee) dated as of ___________________, 2025, by and between City and Borrower.

2. Promissory Note dated as of __________________, 2025, executed by Borrower to the order of City in the face principal amount of $3,782,000.

3. Deed of Trust dated as of __________________, 2025, executed by Borrower for the benefit of City and recorded in the Official Records substantially concurrently herewith.

4. Rental and Occupancy Covenant dated as of __________________, 2025, by and between City and Borrower and recorded in the Official Records substantially concurrently herewith.

5. UCC-1 Financing Statements naming Borrower, as debtor, and City, as secured party.

EXHIBIT E-2

WHEN RECORDED MAIL TO:

WINTHROP & WEINSTINE, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Holly A. Stocker

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT (SWAP)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN CERTAIN INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (SWAP) ("***Agreement***") is made as of [______________], 2025, by and among **MHMP 20 LORETTO LLLP**, a Colorado limited liability limited partnership ("***Borrower***"), **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado ("***Junior Lienholder***"), and **CEDAR RAPIDS BANK AND TRUST COMPANY**, an Iowa state-chartered banking corporation ("***Bank***").

RECITALS

A. Borrower is the owner of that certain real property located in Denver, Colorado, legally described in Exhibit A attached hereto and incorporated herein (the "***Property***") and intends to construct a multifamily affordable housing development thereon (the "***Project***").

B. Borrower has applied to Bank for a loan (the "***Loan***") in the aggregate maximum principal amount of $[_________], for the purpose of term financing of the Project.

C. In connection with the Loan, Bank and Borrower have entered into that certain ISDA Master Agreement dated as of [__], 2025 (the "***Swap Agreement***" and together with any applicable schedules and any other documents executed in connection therewith, the "***Swap Documents***").

D. Each of the documents listed on Exhibit B together with all other documents and materials entered into with Junior Lienholder with respect to the Property shall be referred to collectively as the "***Junior Obligation Documents***".

E. As used herein, the term "***Junior Obligations***" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Junior Lienholder under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

F. Borrower's obligations to Bank under the Swap Documents are secured by, among other things, that certain Swap Deed of Trust, Assignment of Rents and Security Agreement (the "***Senior Deed of Trust***"), dated as of [____], 2025, made by Borrower for the benefit of Bank. The Senior Deed of Trust is being recorded substantially concurrently herewith in the Office of the Denver Clerk and Recorder's Office of Denver, State of Colorado ("***Official Records***"). The Senior Deed of Trust and the other Swap Documents (as defined herein) are hereinafter collectively referred to as the "***Senior Loan Documents***".

G. As used herein, the term "***Bank Indebtedness***" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Bank under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

H. Pursuant to the Senior Deed of Trust and the other Senior Loan Documents, Borrower is not entitled to further encumber the Property without the prior written consent of Bank, which consent may be withheld in Bank's sole discretion.

I. It is a condition precedent to Bank to entering into the Senior Loan Documents and permitting the recordation of any of the Junior Obligation Documents that the Senior Deed of Trust and the other Senior Loan Documents be and remain at all times a lien or charge upon the Property, prior and superior to the liens or charges of the Junior Obligation Documents.

J. Bank is willing to permit the recordation of the recordable Junior Obligation Documents, provided that (1) the Senior Deed of Trust and the other Senior Loan Documents are a lien or charge upon the Property prior and superior to the liens or charges of the Junior Obligation Documents, and (2) Junior Lienholder will specifically subordinate the liens or charges of the Junior Obligation Documents to the lien or charge of the Senior Loan Documents.

K. Junior Lienholder is willing that the Senior Loan Documents shall constitute a lien or charge upon the Property which is prior and superior to the liens or charges of the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

L. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Bank to make the Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The Senior Deed of Trust in favor of Bank, and all amendments, modifications, extensions and renewals thereof shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the lien or charge of the Junior Obligation Documents; provided that, in accordance with the Junior Obligation Documents, Junior Lienholder only agrees to its subordination under this Agreement to such new mortgage debt so long as the original principal balance of the obligations of such new mortgage does not exceed Eleven Million dollars ($11,000,000) , and the total amount of all permanent loans does not exceed Sixteen Million Dollars ($16,000,000.00). Junior Lienholder intentionally and unconditionally subordinates the lien or charge of the Junior Obligation Documents in favor of the lien or charge upon said land of the Senior Deed of Trust in favor of Bank, and understands that in reliance upon and in consideration of this subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this subordination.

2. Only Agreement Regarding Subordination. Bank would not permit the recordation of any Junior Obligation Documents without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between said deeds of trust and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

4. Consent and Approval. Junior Lienholder has received and consents to and approves the Senior Loan Documents, including but not limited to any extension, modification and/or amendment of said agreements, between Borrower and Bank. No decision by Junior Lienholder to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. Junior Lienholder and Borrower declare, agree, and acknowledge that:

5.1 Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Bank Indebtedness, as set forth herein.

5.2 Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all obligations under the Senior Deed of Trust and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no Event of Default exists under the Senior Loan Documents and no event exists which, with the lapse of time or the giving of notice or both, would be an Event of Default under the Bank Indebtedness of which Junior Lienholder has received notice; and (ii) the payment would not result in a violation of any of Borrower's financial covenants set forth in any of the documents evidencing the transactions contemplated by the Swap Agreement ("***Permitted Payments***").

5.3 Payment Subordination. Except for any Permitted Payments, (a) all of the Bank Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Bank Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Bank the full amount of the Bank Indebtedness before making any payments to Junior Lienholder due under the Junior Obligations.

5.4 Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if Junior Lienholder shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Bank after notice to Junior Lienholder.

5.5 Repayment of Bank Indebtedness. This Agreement shall remain in full force and effect until all amounts due under the Senior Loan Documents are fully repaid in accordance with their terms and all of the terms of this Agreement have been complied with.

5.6 Standstill. Junior Lienholder agrees that, without the Bank's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

6. Bank and Junior Lienholder Agreements.

6.1 Bank agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "***Foreclosure Remedy***") unless Junior Lienholder has first been given thirty (30) days written notice of the Event(s) of Default giving Bank the right to complete such Foreclosure Remedy, and unless Junior Lienholder has failed, within such thirty (30) day period, to cure such Event(s) of Default; provided, however, that Bank shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Loan Documents, including, but not limited to, acceleration of the Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Bank has accelerated the Senior Loan and Junior Lienholder cures all Events of Default giving rise to such acceleration within the thirty (30) day cure period described above, such cure shall have the effect of de-accelerating the Loan; provided, however, that such de-acceleration shall not waive or limit any of Bank's rights to accelerate the Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Bank shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Junior Lienholder for failure to provide timely notice to Junior Lienholder required hereunder, and that Bank's liability hereunder shall be expressly limited to actual and consequential damages to Junior Lienholder directly caused by Bank's completion of a Foreclosure Remedy without Junior Lienholder receiving the notice and opportunity to cure described above. Bank shall give Junior Lienholder notice at the address set forth below or such other address as Junior Lienholder may instruct Bank in writing from time to time:

City and County of Denver
c/o Department of Housing
201 W. Colfax Ave., Dept. 615
Denver, Colorado 80202
Attention: Department of Housing Stability

6.2 Junior Lienholder agrees that it shall not complete a Foreclosure Remedy unless Bank has first been given ninety (90) days written notice of the Event(s) of Default giving Junior Lienholder the right to complete such Foreclosure Remedy. Junior Lienholder shall give Bank notice at the address set forth below or such other address as Bank may instruct Junior Lienholder in writing from time to time:

Cedar Rapids Bank and Trust Company
500 1st Avenue NE
Cedar Rapids, Iowa 52401
Attention: Tyler Clark

With copy to:

Winthrop & Weinstine, P.A.
225 S. Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Holly Stocker

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. Casualty Insurance Proceeds; Condemnation Proceeds. In the event Bank shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Junior Lienholder shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of Junior Lienholder's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation.

Junior Lienholder agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Bank elects, in accordance with Colorado law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Bank holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Junior Lienholder agrees that Bank may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which Junior Lienholder is or may be entitled. Nothing contained in this Agreement shall be deemed to require Bank, in any way whatsoever, to act for or on behalf of Junior Lienholder or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Junior Lienholder, and all or any of such sums so held or monitored may be commingled with any funds of Bank.

9. Effect of Other Agreements. The relationship between Borrower and Bank under the Senior Loan Documents is, and shall at all times remain, solely that of borrower and lender. Based thereon, Junior Lienholder acknowledges and agrees that Bank neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or Junior Lienholder to guarantee or assist in Borrower's or Junior Lienholder's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

10. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of Colorado. In the event of action, suit, proceeding or arbitration to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, as determined by the court or arbitrator, all of the prevailing party's costs and expenses, including without limitation attorneys' fees and expert witness fees, incurred by the prevailing party in connection therewith. If Junior Lienholder or any affiliate of Junior Lienholder shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Deed of Trust and the other Senior Loan Documents as provided herein, and Junior Lienholder hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full and all Bank's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise. The Agreement shall inure to the benefit of, and the binding upon, the parties hereto and the respective successors and assigns.

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

JUNIOR LIENHOLDER:

CITY AND COUNTY OF DENVER, a municipal corporation of the State of Colorado

By: ________________________________
Name: ____________________________
Its: ______________________________

STATE OF ________________)
)
COUNTY OF ______________)

This instrument was acknowledged before me on this ____ day of ______________, 2025 by ___________________, the __________________ of City and County of Denver, a municipal corporation of the State of Colorado, for and on behalf of said municipal corporation.

____
Notary Public

BORROWER:

MHMP 20 LORETTO LLLP, a
Colorado limited liability limited partnership

By: MHMP 20 Loretto GP LLC, a
Colorado limited liability company, its
General Partner

By: Mercy Housing Mountain Plains, a
Colorado nonprofit corporation, its
Sole Member and Manager

By: ____________________________
Shelly Marquez
President

STATE OF ________________)
)
COUNTY OF ______________)

This instrument was acknowledged before me on this ____ day of ______________, 2025 by Shelly Marquez, the President of Mercy Housing Mountain Plains, a Colorado nonprofit corporation, the Sole Member and Manager of MHMP 20 Loretto GP LLC, a Colorado limited liability company, the General Partner of MHMP 20 Loretto LLLP, a Colorado limited liability limited partnership, for and on behalf of said limited liability limited partnership.

____
Notary Public

BANK:

CEDAR RAPIDS BANK AND TRUST COMPANY, an Iowa state-chartered banking corporation

By: ______________________________________
Tyler M. Clark
Vice President

STATE OF IOWA)
)
COUNTY OF LINN)

This instrument was acknowledged before me on this ____ day of ______________, 2025 by Tyler M. Clark, a Vice President of Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, for and on behalf of said state-chartered banking corporation.

____
Notary Public

EXHIBIT A

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF DENVER, COUNTY OF DENVER, STATE OF COLORADO, AND IS LEGALLY DESCRIBED AS FOLLOWS:

[To be inserted].

EXHIBIT B

Junior Obligation Documents

1. [__________].

EXHIBIT E-3

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO: Mercy Community Capital 1600 Broadway, Suite 2000 Denver, CO 80202 Attention: Asset Management	

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT
(City and County of Denver)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE ESTATES IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is made as of _______________, 2025, by and among **MHMP 20 LORETTO LLLP**, a Colorado limited liability limited partnership ("**Borrower**"), **CITY AND COUNTY OF DENVER, COLORADO** ("**City**"), and **MERCY COMMUNITY CAPITAL**, a Colorado nonprofit corporation (together with its successors and assigns, "**Senior Lienholder**").

RECITALS

A. Borrower owns (i) that certain real estate more particularly described on Exhibit A ("**Real Property**") and all improvements ("**Improvements**") now or hereafter located on such Real Property; and (ii) that certain personal property more particularly described in the Senior Loan Documents (the "**Personal Property**"; together with the Real Property and the Improvements, the "**Property**").

B. Senior Lienholder and Borrower entered into a Loan Agreement dated as of March 16, 2023 (the "**Senior Loan Agreement**") with respect to a loan in the original principal amount of $2,500,000 (the "**Senior Loan**"), to finance acquisition and development of the Property.

C. Borrower's obligations to repay the Senior Loan are further evidenced by the Promissory Note given by Borrower to the Senior Lienholder (as the same may be amended, supplemented, renewed or replaced from time to time, the "**Senior Note**").

D. Borrower's obligations to Senior Lienholder under the Senior Loan Agreement and Senior Note are secured by, among other things, that certain Deed of Trust to Public Trustee, Security Agreement and Financing Statement dated as of March 16, 2023, and recorded with the City and County of Denver on March 17, 2023 as document number 2023022728 ("**Senior Deed of Trust**"), made by Borrower for the benefit of Senior Lienholder. The Senior Loan Agreement, the Senior Deed of Trust, the Senior Note the other "Loan Documents" (as defined in the Senior Loan Agreement) are hereinafter collectively referred to as the "**Senior Loan Documents**".

E. As used herein, the term "**Senior Lienholder Indebtedness**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Senior Lienholder under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

F. Each of the documents listed on Exhibit B, together with all other documents and materials entered into with the City with respect to the Property shall be referred to collectively as the "**Junior Obligation Documents**".

G. As used herein, the term "**Junior Obligations**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to the City under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

H. Pursuant to the Senior Deed of Trust and the other Senior Loan Documents, Borrower is not entitled to encumber the Property without the prior written consent of Senior Lienholder, which consent may be withheld in Senior Lienholder's sole discretion.

I. It is a condition precedent to Senior Lienholder entering into the Senior Loan Documents and Senior Lienholder making the Senior Loan to Borrower that (1) the Senior Deed of Trust and the other Senior Loan Documents be and remain at all times a lien or charge upon the Property, prior and superior to the encumbrance of the Junior Obligation Documents, and (2) City will specifically subordinate the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and the other Senior Loan Documents.

J. City is willing that the Senior Loan Documents shall constitute a lien or charge upon the Property which is prior and superior to the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

K. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Senior Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Lienholder to make the Senior Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The Senior Deed of Trust in favor of Senior Lienholder, and all amendments, modifications, extensions and renewals thereof, shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the lien or charge of the Junior Obligation Documents (except amendments which (a) increase the stated rate of interest on the Senior Loan, and/or (b) increase the maximum stated principal amount of the Senior Loan (other than by advances for purposes of (1) protecting or further securing the lien of the Senior Deed of Trust, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Deed of Trust, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property (collectively, "**Protective Advances**"))). Notwithstanding anything to the contrary contained herein, the City's agreement to subordinate the Junior Obligation Documents shall not extend to any increases in the principal amount of the Senior Loan which result in a principal amount in excess of $2,500,000. City intentionally and unconditionally waives, relinquishes and subordinates the encumbrance of the Junior Obligation Documents in favor of the lien or charge upon said land of the Senior Deed of Trust in favor of Senior Lienholder, and understands that in reliance upon and in consideration of this waiver, relinquishment and

subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

2. Only Agreement Regarding Subordination. Senior Lienholder would not make the Senior Loan without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between said deed of trust and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, Senior Lienholder is under no obligation or duty to, nor has Senior Lienholder represented that it will, see to the application of such proceeds by the Person or Persons to whom Senior Lienholder disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Document(s) shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. City consents to the subordination of the Junior Obligation Documents. No decision by City to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. City and Borrower declare, agree, and acknowledge that:

5.1 Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Senior Lienholder Indebtedness, as set forth herein.

5.2 Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all payments under the Senior Deed of Trust and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no Event of Default exists under the Loan Agreement and no event exists which, with the lapse of time or the giving of notice or both, would be an Event of Default under the Senior Lienholder Indebtedness of which City has received notice; and (ii) the payment would not result in a violation of any of Borrower's financial covenants set forth in any of the documents evidencing the Loan ("**Permitted Payments**").

5.3 Payment Subordination. Except for any Permitted Payments, (a) all of the Senior Lienholder Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Senior Lienholder Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Senior Lienholder the full amount of the Senior Lienholder Indebtedness before making any payments to City due under the Junior Obligations.

5.4 Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if City shall receive any payments or other rights in any property of Borrower in connection with the Junior

Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Senior Lienholder after notice to City.

5.5 Repayment of Senior Lienholder Indebtedness. This Agreement shall remain in full force and effect until all amounts due under the Note and the Loan Agreement are fully repaid in accordance with its terms and all of the terms of this Agreement have been complied with.

5.6 Standstill. City agrees that, without the Senior Lienholder's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

6. Senior Lienholder Agreements. Senior Lienholder agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless City has first been given thirty (30) days written notice of the Event(s) of Default giving Senior Lienholder the right to complete such Foreclosure Remedy, and unless City has failed, within such thirty (30) day period, to cure such Event(s) of Default; provided, however, that Senior Lienholder shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Loan Documents, including, but not limited to, acceleration of the Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lienholder has accelerated the Senior Loan and City cures all Events of Default giving rise to such acceleration within the thirty (30) day cure period described above, such cure shall have the effect of de-accelerating the Loan; provided, however, that such de-acceleration shall not waive or limit any of Senior Lienholder's rights to accelerate the Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Senior Lienholder shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to City for failure to provide timely notice to City required hereunder, and that Senior Lienholder's liability hereunder shall be expressly limited to actual and consequential damages to City directly caused by Senior Lienholder's completion of a Foreclosure Remedy without City receiving the notice and opportunity to cure described above. Senior Lienholder shall give City notice at the address set forth below or such other address as City may instruct Senior Lienholder in writing from time to time:

City and County of Denver
201 West Colfax Avenue, Dept. 615
Denver, Colorado 80202
Attention: Executive Director of the Department of Housing Stability

With a copy to:

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

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or

other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. CASUALTY. In the event Senior Lienholder shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, City shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of City's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. City agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Senior Lienholder elects, in accordance with Colorado law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Senior Lienholder holds such proceeds, awards or compensation and/or monitors the disbursement thereof, City agrees that Senior Lienholder may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which City is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lienholder, in any way whatsoever, to act for or on behalf of City or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of City, and all or any of such sums so held or monitored may be commingled with any funds of Senior Lienholder.

9. Effect of Other Agreements. The relationship between Borrower and Senior Lienholder under the Senior Loan Documents is, and shall at all times remain, solely that of Property owner and lender. Based thereon, City acknowledges and agrees that Senior Lienholder neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or City to guarantee or assist in Borrower's or City's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

10. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of Colorado. If City or any affiliate of City shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Deed of Trust and the other Senior Loan Documents as provided herein, and City hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full and all Senior Lienholder's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

[*Remainder of Page Intentionally Left Blank*]

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

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

CITY:

CITY AND COUNTY OF DENVER, COLORADO

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

BORROWER:

MHMP 20 LORETTO LLLP,
a Colorado limited liability limited partnership

By: MHMP 20 Loretto GP LLC,
a Colorado limited liability company,
its General Partner

By: Mercy Housing Mountain Plains,
a Colorado nonprofit corporation,
its sole Member and Manager

By: ______________________________
Shelly Marquez
President

SENIOR LIENHOLDER:

MERCY COMMUNITY CAPITAL,
a Colorado nonprofit corporation

By: ________________________________
_____________, its ________________

ACKNOWLEDGMENT

STATE OF COLORADO
) ss.
COUNTY OF ______________)

The foregoing instrument was acknowledged before me this _____ day of _________________, 2025, by Shelly Marquez, as President of Mercy Housing Mountain Plains, a Colorado nonprofit corporation, in its capacity as the sole Member and Manager of MHMP 20 Loretto GP LLC, a Colorado limited liability company, in its capacity as the sole General Partner of MHMP 20 Loretto LLLP, a Colorado limited liability limited partnership.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

ACKNOWLEDGMENT

STATE OF ________________)
) ss.
CITY OF _________________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2025, by _________________, as _____________________ of City and County of Denver, Colorado.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

ACKNOWLEDGMENT

STATE OF _________________)
) ss.
CITY OF __________________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2025, by ____________, as ______________ of Mercy Community Capital, a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: ______________________________.

____
Notary Public

EXHIBIT A

Legal Description

EXHIBIT B

Junior Obligation Documents

1. Loan Agreement (Linkage Fee) dated as of ___________________, 2025, by and between City and Borrower.

2. ///[Promissory Note]/// dated as of __________________, 2025, executed by Borrower to the order of City in the face principal amount of $3,782,000.

3. ///[Deed of Trust]/// dated as of __________________, 2025, executed by Borrower for the benefit of City and recorded in the Official Records substantially concurrently herewith.

4. ///[Rental and Occupancy Covenant]/// dated as of __________________, 2025, by and between City and Borrower and recorded in the Official Records substantially concurrently herewith.

5. UCC-1 Financing Statements naming Borrower, as debtor, and City, as secured party.

EXHIBIT F

CASH FLOW CALCULATION

The provisions of this Exhibit F are found in the Partnership Agreement of MHMP 20 Loretto LLLP, dated _________________, 2025 (the "Partnership Agreement"). All capitalized terms used in this Exhibit F have the meanings assigned to them in the Partnership Agreement. A copy of the fully executed Partnership Agreement will be provided to the City after execution. Borrower must provide the City with any amendments to the Partnership Agreement. Any material change to the distribution of cash flow requires approval by the City in the form of a duly executed amendment to this Agreement, except that changes that solely affect distributions after the ninth priority as shown below do not require the City's approval.

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.

Subject to the provisions of Section 8.1 of the Amended and Restated Agreement of Limited Liability Limited Partnership of MHMP 20 Loretto LLLP, payment of fees and other expenses contingent on Cash Flow and distributions to Partners from Cash Flow shall be made in the following order of priority:

First, to pay the Asset Management Fee and any accrued and unpaid Asset Management Fee from prior periods.

Second, to pay any outstanding and unpaid Credit Deficiencies and Tax Equivalency Payments then due including, without limitation, amounts owed due to a Change in Law, together with interest thereon, if any.

Third, as directed by the Limited Partner to pay any Default Cash Flow Priority (pursuant to Section 5.15(b)) then due, if any.

Fourth, to the Management Agent to pay deferred Management Agent fee pursuant to Section 11.1.

Fifth, first to fund amounts payable to the Partnership Replacement Reserve pursuant to Exhibit A-7 and thereafter to replenish the Operating Reserve pursuant to Exhibit A-7, if applicable.

Sixth, to the Limited Partner to repay any loans or other advances made by the Limited Partner.

Seventh, to pay unpaid Development Fee (and interest thereon, if applicable).

Eighth, to pay the General Partner an annual GP Asset Management Fee in the amount of $7,000 increasing three percent (3%) annually, and thereafter any accrued and unpaid GP Asset Management Fees from prior periods;

Ninth, to pay applicable principal and interest on the HOST Loan from 50% of remaining Cash Flow;

Tenth, to pay the General Partner an annual GP Asset Management Fee in the amount of $7,000 increasing three percent (3%) annually, and thereafter any accrued and unpaid GP Asset Management Fees from prior periods;

Eleventh, to pay the General Partner an annual Resident Service Fee in the amount of **$[45,000]** increasing three percent (3%) annually, and thereafter any accrued and unpaid Resident Service Fees from prior periods**;**

Twelfth, to pay the current year's PILOT payment to DHDP pursuant to the PILOT Agreement, and thereafter any accrued and unpaid PILOT payment to DHDP pursuant to the PILOT Agreement from prior periods.

Thirteenth, to pay applicable principal and interest, on the MHMP Sponsor Loan;

Fourteenth, 25% of remaining cash flow to be deposited into the Property Tax Escrow Account pursuant to the terms of the DHDP Special Limited Partner Addendum;

Fifteenth, to the General Partner to repay any Development Advance, Operating Deficit Advance, Credit Adjuster Advance or Development Fee Advance then payable or any other loans made by the General Partner hereunder;

Sixteenth, to pay applicable principal on the MCC AHIF Loan until repaid in full;

Seventeenth, to pay applicable principal on the MHI Gap Program Loan until repaid in full;

Eighteenth, to the General Partner to pay the Partnership Management Fee, payable pursuant to the Partnership Management Agreement, attached hereto as Exhibit E, for services rendered to the Partnership as set forth therein, payable in the amount set forth in such Agreement solely from and to the extent of 90% of remaining Cash Flow, if any.

Nineteenth, the balance to the General Partner, the DHDP Special Limited Partner, and the Limited Partner in accordance with their Percentage Interests.

To the extent that insufficient Cash Flow is available to pay any of the amounts set forth in Sections First through Seventeenth when due, such amount shall accrue and be payable in the future when there is available Cash Flow, after prior payment of all higher priority payments from Cash Flow, as set forth above.

Notwithstanding any other provision of this Exhibit A-5 to the contrary, a sufficient amount of Cash Flow shall be distributed to the Limited Partner in each year such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such Fiscal Year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after payment of the items referred to in Section Seventeenth with respect to such year.

Defined Terms

Asset Management Fee: The annual fee payable to USBCDC respecting Project and Partnership review, as set forth in Section 11.2.

Cash Flow: The amount determined by the Partners for any Fiscal Year, or portion thereof, equal to the excess, if any, of

(1) All gross revenue collected directly or indirectly from the operations of the Project (excluding Loans, condemnation and casualty proceeds, Capital Proceeds, and tenant security deposits, and interest thereon, unless forfeited to the Partnership) and of the Partnership (excluding Capital Contributions and interest earned on Reserves which is retained as part of the Reserve, until released from the Reserve) ("*Partnership Gross Revenues*"), as reduced, dollar for dollar, by the following:

(2) Partnership Expenses.

Change in Law: An amendment to the Code or Treasury Regulations that is applicable to a Credit as set forth on Exhibit A-3 respecting the Project and that provides for the reduction or elimination of such Credit or substantially changes the requirements for qualifying for such Credit in a manner which the Partners reasonably agree cannot be satisfied by the Partnership.

Credit Adjuster Advance: A payment made by the General Partner, pursuant to Section 3.3.

Credit Deficiency: All adjustments to Credit pursuant to Section 3.3, other than any Upward Adjusters pursuant to Sections 3.3(b) and 3.3(c).

DHDP Special Limited Partner Addendum: The Addendum to Amended and Restated Limited Liability Limited Partnership Agreement of the Partnership dated of even date herewith and attached hereto as Exhibit S (including the Exhibits thereto) dated of even date herewith pursuant to which the DHDP Special Limited Partner shall be admitted to the Partnership and setting forth the terms and conditions with respect thereto.

Deferred Development Fee: As set forth in the Development Services Agreement.

Development Fee Advance: An advance to the Partnership by the General Partner pursuant to Section 5.11.

Fiscal Year: The fiscal year of the Limited Partner or such other year that the Partnership is required by the Code to use as its taxable year. As of the Admission Date, the Fiscal Year is the year ending December 31, subject to modification with the Consent of the Limited Partner and/or as required by the Code.

GP Asset Management Fee: The annual fee payable to the General Partner respecting the Project and Partnership review, payable in accordance with Exhibit A-5.

HOST Loan: The loan from the City and County of Denver to the Partnership in the amount of approximately $3,782,000 as described in Exhibit A-4.

Limited Partner: Collectively, U.S. Bancorp Community Development Corporation, a Minnesota corporation and USB Colorado State Investor I, LLC, a Missouri limited liability company, and their respective successors and permitted assigns, and any Person who becomes a Substitute Limited Partner of either, as provided herein, in each such person's capacity as a limited partner. If there is more than one limited partner of the Partnership, the term "Limited Partner" shall refer collectively to all such limited partners. The defined term "Limited Partner" when used herein shall not include the DHDP Special Limited Partner unless otherwise specified.

Management Agent: Mercy Housing Management Group, Inc., a Nebraska non-profit corporation, or any successor management agent retained in accordance with this Agreement.

MCC AHIF Loan: The loan from Mercy Community Capital to the Partnership in the principal amount of $2,500,000 as described in Exhibit A-4.

MHI Gap Program Loan. The loan from Mercy Housing, Inc. to the Partnership in the approximate principal amount of $1,200,000 as described in Exhibit A-4

MHMP Sponsor Loan: The loan from Mercy Housing Mountain Plains to the Partnership in the principal amount of approximately $1,718,400 (funded by a grant from the Colorado Department of Housing and the City & County of Denver's Department of Climate Action) as described in Exhibit A-4.

Operating Deficit Advance: A loan to the Partnership by the General Partner, which shall be required under the circumstances described in Section 5.10.

Operating Reserve: The reserve to be funded in accordance with Exhibit A-7.

Partner or Partners: Each of the General Partner, DHDP Special Limited Partner and the Limited Partner.

Partnership Expenses: All costs, debts and expenses of any type incurred, on an accrual basis, incident to the ownership and operation of the Project and the Partnership, including, without limitation, payments of taxes, insurance, required payments of principal and interest on any Loans not paid out of Cash Flow (and the funding of all Reserves which are not funded from Cash Flow, all as further set forth in Exhibit A-7, and any other reserves required by any Lender or the HCA), audit expenses, HCA compliance costs, and any other Partnership obligations and costs of capital improvements to the Project incurred after the Completion Date, to the extent such Partnership Expenses are not paid from Reserves (described on Exhibit A-7), insurance or condemnation proceeds, Loans, Capital Contributions or Capital Proceeds. By way of clarification, Partnership

Expenses shall not include depreciation and amortization taken into account for federal income tax purposes.

Partnership Management Fee: That certain Partnership management fee payable to the General Partner, pursuant to Exhibit E.

Percentage Interest: As to any Partner, the percentage in the Partnership shown opposite the name of such Partner in Exhibit A and Exhibit A-3, as they may be amended from time to time in accordance with this Agreement.

Replacement Reserve: The Project replacement reserve to be funded pursuant to Exhibit A-7.

State Credit Partner: USB Colorado State Investor I LLC, a Missouri limited liability company, as the State Credit Partner, its successors and permitted assigns, and any Person who becomes a Substitute State Credit Partner as provided herein, in each such person's capacity as a state credit partner. If there is more than one state credit partner of the Partnership, the term "State Credit Partner" shall refer collectively to all such state credit partners.

Tax Equivalency Payment: A payment to the Limited Partner in the amount of the federal and state income tax liability, together with any interest and penalty thereon, that would be imposed on the Limited Partner from the recognition of any net income from Credit Adjuster Advances, debt forgiveness or debt being recharacterized as income (through no fault of the Limited Partner) or amounts paid in respect of the Repurchase Price, which aggregate payment shall be grossed up by any such tax liability payable respecting the Tax Equivalency Payment itself, assuming that the Limited Partner is subject to tax at a combined rate equal to the greater of (i) 25.3% or (ii) the actual combined federal and state tax rate payable by the Limited Partner.