LOAN AGREEMENT
(AFFORDABLE HOUSING PERMANENT FUNDS)

THIS LOAN AGREEMENT is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado ("City"), and **LARADON NW LLC** a Wisconsin limited liability company, whose address is 200 North Main Street, Oregon, Wisconsin 53575 ("Borrower" or "Contractor").

WITNESSETH:

WHEREAS, the City is making certain monies available to ensure the development of an affordable housing project to be known as The Stella (the "Project"); and

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

WHEREAS, the Borrower is developing the Project on the Property (as defined below);

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

1. **LOAN TO BORROWER**: Subject to the terms of this Loan Agreement, the City agrees to lend Borrower the sum of Three Million Five Hundred Thousand and No/100 ($3,500,000.00) (the "Loan"). In addition to this Loan Agreement, the City and Borrower will enter into 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 (the "Covenant"). 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 interest shall be due and payable, at such place as may be designated by City, in annual installments of the annual Cash Flow amount, calculated in accordance with the order of priority and other provisions set forth in **Exhibit D,** attached hereto. Such annual installments shall commence and be due on the first June 1st following the date that is thirty (30) calendar months after the effective date of the Promissory Note and each June 1st thereafter. Simple interest will continue to accrue on unpaid principal. To the extent that the full amount of principal and interest due and owing to the City has not been repaid, the entire unpaid balance of principal and accrued interest due and payable on the fortieth (40th) anniversary of the date of the Promissory Note (the "Maturity Date"), if not sooner paid. Each year after loan closing, Borrower shall send audited property financial statements to the City, which the City will

use to verify Borrower's Cash Flow calculation.

2. **SECURITY**: Repayment of the Promissory Note shall be secured by a subordinated Leasehold Deed of Trust (the "Deed of Trust"), in form satisfactory to City, granted by Borrower and encumbering Borrower's interest in the real property known and numbered as 5190 N. Broadway, Denver, Colorado (the "Property") subject to prior encumbrances not exceeding Thirty Million and No/100Dollars ($30,000,000.00) in principal amount.

3. **SUBORDINATION AND ADDITIONAL DOCUMENTS**: The Executive Director (the "Executive Director") of the City's Department of Housing Stability ("HOST"), or his or her designee, is authorized to execute documents necessary to subordinate the lien of the City's Deed of Trust 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 $30,000,000; (iii) Borrower is not then in default of its obligations pursuant to this Loan Agreement, the Promissory Note, the Deed of Trust or the Covenant; and (iv) all additional financing for the Project is committed.

The Executive Director, or his or her designee, is authorized to execute documents necessary to subordinate the lien of the City's Deed of Trust to a land use restriction agreement so long as (i) the documents are in a form satisfactory to the City Attorney; (ii) encumbrances prior to the City's Deed of Trust do not exceed $30,000,000; and (iii) Borrower is not then in default of its obligations pursuant to this Loan Agreement, the Promissory Note, the Deed of Trust, or the Covenant.

The Executive Director, or his or her designee, is also authorized to acknowledge a Landlord's Agreement and Estoppel document executed by Borrower's landlord, so long as such document is in form satisfactory to the City Attorney.

4. **USE AND DISBURSEMENT OF FUNDS**: Loan proceeds will be used to finance costs associated with development of the Property for use as affordable housing, in accordance with **Exhibit A**, attached hereto and incorporated herein. The Borrower shall submit to the City requisitions with documentation of incurred costs on HOST approved, and otherwise comply with the financial administration requirements set forth in **Exhibit B** attached hereto and incorporated herein. Where the City's funds are disbursed for construction, (i) the City shall monitor the construction activities for the purpose of verifying eligible costs, and (ii) the City shall retain ten percent (10%) of each disbursement of funds, which retainage shall be released upon final inspection and approval of the City and receipt of proof of release of liens from all applicable contractors, subcontractors, and suppliers. In addition, HOST shall retain Ten Thousand

and No/100 Dollars ($10,000.00) of the total funds to be disbursed under this Loan Agreement, which retainage shall be released upon receipt from Borrower of all information necessary for the City's reporting requirements. These budget items may be revised with the written approval of HOST, provided the amounts to be paid from the Loan under revised budget do not exceed the amount of the Loan. Expenses incurred prior to August 20, 2019 are not eligible for reimbursement.

5. DEADLINE FOR DISBURSEMENT OF FUNDS: Borrower must provide evidence of private funding commitments necessary to develop the affordable housing project on the Property and the final executed partnership or operating agreement for the limited partnership or limited liability company owning the Project on or before May 31, 2020. Failure to meet this deadline shall result in the termination of this Loan Agreement. No funds shall be disbursed under this Loan Agreement until such time as these conditions are met. Further, all cost overruns and/or funding shortfalls shall be the sole responsibility of the Borrower.

Borrower further agrees that documentation for all draw down requests will be submitted no later than thirty six (36) months after the date of the Promissory Note. This timeline includes requests for disbursement of the Ten Thousand and No/100 Dollars ($10,000.00) retainage set forth in Section 4, above. These deadlines may be extended with the written approval of HOST.

6. RESTRICTIONS ON USE OF PROPERTY:

A. Affordability limitations. Eighteen (18) of the units at the Property (the "80% Units") shall have rents not exceeding 30% of the adjusted income of a family whose annual income equals 80% of the median income for the Denver area, as published by the Colorado Housing and Finance Authority ("CHFA"), with adjustments for number of bedrooms in the unit. Ninety Seven (97) of the units at the Property (the "60% Units") shall have rents not exceeding the established Fair Market Rent and the portion of rent charged to a qualified tenant shall not exceed 30% of the adjusted income of a family whose annual income equals 60% of the median income for the Denver area, as published by CHFA, with adjustments for number of bedrooms in the unit. Sixteen (16) of the units at the Property (the "30% Units") shall have rents not exceeding the established Fair Market Rent and the portion of rent charged to a qualified tenant shall not exceed 30% of the adjusted income of a family whose annual income equals 30% of the median income for the Denver area, as published by CHFA, with adjustments for number of bedrooms in the unit. By executing this Loan Agreement, Borrower acknowledges receipt of CHFA's current rent and income guidelines from the HOST. It shall be Borrower's responsibility to obtain updated guidelines from HOST or CHFA to confirm the annual calculation of the maximum rents for the Denver area. The 80% Units, 60% Units, and 30%

Units shall be referred to collectively herein as the "City Units".

The City shall determine maximum monthly allowances for utilities and services annually using the CHFA model. Rents shall not exceed the maximum rents as determined above minus the monthly allowance for utilities and services not paid for by the Borrower.

The City shall review rents for compliance within ninety (90) days after HOST requests rent information from the Borrower.

B. Occupancy/Income Limitations. The 80% Units shall be occupied by tenants whose incomes are at or below eighty percent (80%) of the median income for the Denver area as published by CHFA with adjustments for family size. The 60% Units shall be occupied by tenants whose incomes are at or below sixty percent (60%) of the median income for the Denver area as published by CHFA with adjustments for family size. The 30% Units shall be occupied by tenants whose incomes are at or below thirty percent (30%) of the median income for the Denver area as published by CHFA with adjustments for family size. By executing this Loan Agreement, Borrower acknowledges receipt of CHFA's current income guidelines from HOST. It shall be Borrower's responsibility to obtain updated guidelines from HOST or CHFA and comply with same.

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

BEDROOMS	**80% Units**	**60% Units**	**30% Units**
1 Bedroom	0	9	6
2 Bedroom	9	44	8
3 Bedroom	7	40	2
4 Bedroom	2	4	0
TOTAL	18	97	16

D. Covenant Running with the Land. At closing, Borrower shall execute a covenant in form satisfactory to the City ("Covenant"), setting forth the rental and occupancy limitations described in subparagraphs A and B above, which shall be recorded in the real estate records of the City and County of Denver and which shall constitute a covenant running with the Borrower's leasehold interest in the Property. The Covenant shall encumber the Property for a period not less than sixty (60) years from the date of the Covenant. The Covenant shall terminate upon foreclosure of the Property or a deed in lieu of foreclosure.

7. LEASES: Borrower shall enter into a written lease with tenants for a period of not less than one year for the initial lease term, unless by mutual agreement between the tenant and

the Borrower a shorter period is specified.

8. **PROHIBITED LEASE TERMS**: Leases or other instruments pursuant to which City Units are occupied may not contain any of the following provisions:

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

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

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

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

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

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

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

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

I. Mandatory Supportive Services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered, if any. Notwithstanding the foregoing, the Borrower may offer supportive services to tenants so long as they are not mandated.

9. **PROHIBITION OF CERTAIN FEES**: Borrower is prohibited from charging fees that are not customarily charged in rental housing (e.g. laundry room access fees), except that Borrower may charge the following; reasonable application fees to prospective tenants; parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood, and; fees for services such as bus transportation or meals, as long as the services are voluntary and

fees are charged for services provided.

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

11. **MAINTENANCE AND REPLACEMENT**: Borrower 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.

12. **TENANT SELECTION**: Borrower must adopt written tenant selection policies and 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. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, with prompt written notification to any rejected applicant of the grounds for any rejection.

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

14. **AFFIRMATIVE MARKETING**: Borrower shall comply with the affirmative marketing procedures outlined in the marketing plan, attached hereto as **Exhibit C** and incorporated herein, to provide information and otherwise attract eligible tenants from all racial, ethnic, and gender groups in the Property's housing market area 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).

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

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

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

Borrower shall submit to the City the following reports: (1) annual report on rents and occupancy of City Units to verify compliance with affordability requirements in Paragraph 6; (2) Reports (including financial reports) that enable the City to determine the financial condition and continued financial viability of the rental project; and (3) for floating units, information on unit substitution and filling vacancies to ensure that the Property maintains the required unit mix. The City shall also be entitled to conduct physical inspections of the Property once every three (3) years during the term of this Loan Agreement.

18. <u>CONDITIONS</u>:

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

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

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

20. <u>INSURANCE</u>: Borrower or its contractor(s) shall procure and maintain insurance in the following types and amounts:

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

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

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

D. Special cause of loss form property insurance satisfactory to the City in the amount of the value of the property subject to the Deed of Trust and Covenant, with the City named as loss payee.

E. Certificates of Insurance evidencing the above shall be submitted to HOST prior to the disbursement of funds hereunder. Policies shall include a waiver of subrogation and rights of recovery as against the City. Insurance companies providing the above referenced coverage

must be authorized to issue insurance in Colorado and be otherwise acceptable to the Director of Risk Management.

21. <u>DEFENSE & INDEMNIFICATION</u>:

A. Contractor 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 Loan 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 Contractor 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. Contractor'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. Contractor'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. Contractor 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 Loan Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor 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 Loan Agreement.

22. <u>DEFAULT AND ACCELERATION</u>: Borrower expressly agrees that any breach of this Loan Agreement, the Promissory Note, the Deed of Trust, or the Covenant shall constitute

a default. The City also may declare a default if any warranty, representation or statement made or furnished to the City by or on behalf of Borrower in connection with this Loan Agreement proves to have been false in any material respect when made or furnished. Upon the existence of a default, and without necessity of notice, presentment, demand, protest, or notice of protest of any kind, all of which are expressly waived by the Borrower, the City shall have the right to accelerate any outstanding obligations of the Borrower, which shall be immediately due and payable, including payments under the Promissory Note, to foreclose upon the Property, and to enforce or assign its rights under the Deed of Trust. Upon default, the principal shall draw interest at the rate of fifteen percent (15%) per annum. Notwithstanding any provision herein to the contrary, the City agrees that any cure of default made or tendered by the investor member of Borrower, or a senior lender, shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

The City may also suspend or terminate this Loan Agreement in whole or in part, if Borrower materially fails to comply with any term of this Loan Agreement after 30 days written notice of such default (or if 30 days is not sufficient to cure such a default, then such time as is reasonable to cure such a default, so long as the Borrower has diligently commenced a cure within 30 days of receiving the default notice from the City), including if Borrower becomes delinquent to the City on loan, contractual, or tax obligations as due, or with any rule, regulation or provision referred to herein; and the City may declare the Borrower ineligible for any further participation in City funding, in addition to other remedies as provided by law.

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

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

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

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

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

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

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

Gorman & Company, LLC
Kimball Crangle
Laradon NW, LLC
200 N Main Street
Oregon, WI 53575

With a copy to:

Reinhart Boerner Van Deuren s.c.
Attn: William R. Cummings
1000 North Water Street, Suite 1700
Milwaukee, Wisconsin 53202

With a copy to:

NEF Assignment Corporation, as nominee
10 South Riverside Plaza
Suite 1700
Chicago, Illinois 60606

and if to the City at:

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

With a copy of any such notice to:

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

Denver, Colorado 80202

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

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

31. NONRECOURSE: Notwithstanding any other provision contained herein, or the Promissory Note, the Deed of Trust, or the Covenant, it is agreed that the execution of this Loan 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.

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

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Contract Control Number: OEDEV-201952012-00
Contractor Name: LARADON NW LLC

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

SEAL

CITY AND COUNTY OF DENVER:

ATTEST:

By: ________________________________

____

APPROVED AS TO FORM:

Attorney for the City and County of Denver

By: ________________________________

REGISTERED AND COUNTERSIGNED:

By: ________________________________

By: ________________________________

Contract Control Number: OEDEV-201952012-00
Contractor Name: LARADON NW LLC

By: GEC Laradon NW, LLC, its managing member

By: Gorman & Company, LLC, its manager

By: ______________________________
Michael Redman, Secretary

EXHIBIT A

Project Timeline – The Stella (Gorman & Co.)
5190 N Broadway, Denver, CO 80216

Construction financing closes	December 12, 2019
General Contractor notice to proceed	January 1, 2020
Construction completion	September 1, 2021
Lease-up completion date of restricted units	March 1, 2022

PERMANENT SOURCES		USES	
First Mortgage-ANB Bank	$20,679,000	Acquisition	$0
Federal LIHTC Equity	$15,399,580	Hard Costs	$29,466,469
City of Denver	$3,500,000	Soft Costs	$5,135,232
CDOH	$,1300,000	Financing Fees	$2,500,541
Deferred Developer Fee	$1,634,521	Reserves	$963,949
General Partner Contribution	$3,080	Developer Fee	$4,450,000
DHA Contribution	$10	**TOTAL**	**$42,516,191**
TOTAL	**$42,516,191**		

PROJECT ACTIVITIES

ACTIVITY	TOTAL COST	CITY FUNDS	OTHER FUNDS
Acquisition	$0		$0
Hard Costs	$29,466,469	$3,500,000	$25,966,469
Soft Costs	$5,135,232	Either Category	$5,135,232
Financing Fees	$2,500,541		$2,500,541
Reserves	$963,949		$963,949
Developer Fee	$4,450,000		$4,450,000
TOTAL	**$42,516,191**	**$3,500,000**	**$42,516,191**

EXHIBIT B

FINANCIAL ADMINISTRATION:

1.1 Compensation and Methods of Payment

1.1.1 Disbursements shall be processed through the Office of Economic Development (OED) - Financial Management Unit (FMU) and the City and County of Denver's Department of Finance.

1.1.2 The method of payment to the Contractor by OED shall be in accordance with established FMU procedures for line-item reimbursements. The Contractor must submit expenses and accruals to OED on or before the last day of each month for the previous month's activity. Voucher requests for reimbursement of costs should be submitted on a regular and timely basis in accordance with OED policies. Vouchers should be submitted within thirty (30) days of the actual service, expenditure or payment of expense, except for the final voucher for reimbursement.

1.1.3 The Contractor shall submit the final voucher for reimbursement no later than **forty-five (45) days after the end of the contract period**.

1.1.4 The Contractor shall be reimbursed for services provided under this Agreement according to the approved line-item reimbursement budget attached to and made a part of this Agreement (Exhibit A).

1.2 Vouchering Requirements

1.2.1 In order to meet Federal Government requirements for current, auditable books at all times, it is required that all vouchers be submitted monthly to OED in order to be paid.

a. The first exception will be that expenses cannot be reimbursed until the funds under this contract have been encumbered.

b. The second exception will be that costs cannot be reimbursed until they total a minimum of $35 unless it is a final payment voucher, or the final voucher for the fiscal year (ending December 31).

1.2.2 No more than six (6) vouchers may be submitted per contract per month, without prior approval from OED.

1.2.3 All vouchers for all Agreements must be correctly submitted within forty-five (45) days of the Agreement end date to allow for correct and prompt closeout.

1.2.4 City and County of Denver Forms shall be used in back-up documents whenever required in the Voucher Processing Policy.

1.2.5 Only allowable costs determined in accordance with 2 CFR Chapter I, Chapter II, Parts 200, 215, 220, 225 and 230, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (the "OMB Omni Circular") applicable to the organization incurring the cost will be reimbursed.

1.2.6 The reimbursement request, or draw request, for personnel and non-personnel expenses should be submitted to the City on a monthly basis, no later than the last day of the following month for expenses incurred in the prior month. The request for reimbursement should include:

a. Amount of the request in total and by line item;

b. Period of services for current reimbursement;

c. Budget balance in total and by line item;

d. Authorization for reimbursement by the contract signatory (i.e., executive director or assistant director).

1.2.7 If another person has been authorized by the Contractor to request reimbursement for services provided by this contract, then the authorization should be forwarded in writing to OED prior to the draw request.

1.2.8 The standardized OED "Expense Certification Form" should be included with each payment request to provide the summary and authorization required for reimbursement.

1.3 Payroll

1.3.1 A summary sheet should be included to detail the gross salary of the employee, amount of the salary to be reimbursed, the name of the employee, and the position of the employee. If the employee is reimbursed only partially by this contract, the amount of salary billed under other contracts with the City or other organizations should be shown on the timesheet as described below. Two items are needed for verification of payroll: (1) the amount of time worked by the employee for this pay period; and (2) the amount of salary paid to the employee, including information on payroll deductions.

1.3.2 The amount of time worked will be verified with timesheets. The timesheets must include the actual hours worked under the terms of this contract, and the actual amount of time worked under other programs. The total hours worked during the period must reflect all actual hours worked under all programs including leave time. The employee's name, position, and signature, as well as a signature by an appropriate supervisor, or executive director, must be included on the timesheets. If the timesheet submitted indicates that the employee provided services payable under this contract for a portion of the total time worked, then the amount of

reimbursement requested must be calculated and documented in the monthly reimbursement request.

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

1.4 Fringe Benefits

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

1.5 General Reimbursement Requirements

1.5.1 Invoices: All non-personnel expenses need dated and readable invoices. The invoices must be from a vendor separate from the Contractor, and must state what goods or services were provided and the delivery address. Verification that the goods or services were received should also be submitted. This may take the form of a receiving document or packing slips, signed and dated by the individual receiving the good or service. Copies of checks written by the Contractor, or documentation of payment such as an accounts payable ledger which includes the check number shall be submitted to verify that the goods or services are on a reimbursement basis.

1.5.2 Mileage: A detailed mileage log with destinations and starting and ending mileage must accompany mileage reimbursement. The total miles reimbursed and per mile rate must be stated. Documentation of mileage reimbursement to the respective employee must be included with the voucher request.

1.5.3 Pager/Cell Phone: Written statement from executive director will be required certifying that cell phone is necessary and reasonable to run the program. And, if the monthly usage charge is exceeded in any month, a detailed phone log will be required for the amount of the overage.

1.5.4 Administration and Overhead Cost: Other non-personnel line items, such as administration, or overhead need invoices, and an allocation to this program documented in the draw request. An indirect cost rate can be applied if the Contractor has an approved indirect cost allocation plan. The approved indirect cost rate must be submitted to and approved by OED.

1.5.5 Service Period and Closeout: All reimbursed expenses must be incurred during the time period within the contract. The final payment request must be received by OED within forty-five (45) days after the end of the service period stated in the contract.

2.1 Intentionally Omitted

3.1 Financial Management Systems

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

3.1.1 Financial reporting must be accurate, current, and provide a complete disclosure of the financial results of financially assisted activities and be made in accordance with federal financial reporting requirements.

3.1.2 Accounting records must be maintained which adequately identify the source and application of the funds provided for financially assisted activities. The records must contain information pertaining to contracts and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. Accounting records shall provide accurate, separate, and complete disclosure of fund status.

3.1.3 Effective internal controls and accountability must be maintained for all contract cash, real and personal property, and other assets. Adequate safeguards must be provided on all property and it must be assured that it is used solely for authorized purposes.

3.1.4 Actual expenditures or outlays must be compared with budgeted amounts and financial information must be related to performance or productivity data, including the development of cost information whenever appropriate or specifically required.

3.1.5 Applicable OMB Omni Circular cost principles, agency program regulations, and the terms of the agreement will be followed in determining the reasonableness, allowability and allocability of costs.

3.1.6 Source documents such as cancelled checks, paid bills, payrolls, time and attendance records, contract documents, etc., shall be provided for all disbursements. The Contractor will maintain auditable records, i.e., records must be current and traceable to the source documentation of transactions.

3.1.7 The Contractor shall maintain separate accountability for OED funds as referenced in 24 C.F.R. 85.20 and the OMB Omni Circular.

3.1.8 The Contractor must properly report to Federal, State, and local taxing authorities for the collection, payment, and depositing of taxes withheld. At a minimum,

this includes Federal and State withholding, State Unemployment, Worker's Compensation (staff only), City Occupational Privilege Tax, and FICA.

3.1.9 A proper filing of unemployment and worker's compensation (for staff only) insurance shall be made to appropriate organizational units.

3.1.10 The Contractor shall participate, when applicable, in OED provided staff training sessions in the following financial areas including, but not limited to (1) Budgeting and Cost Allocation Plans; (2) Vouchering Process.

4.1 Audit Requirements

4.1.1 If the Contractor expends seven hundred and fifty thousand dollars ($750,000) or more of federal awards in the Contractor's fiscal year, the Contractor shall ensure that it, and its sub recipients(s), if any, comply with all provisions of the OMB Omni Circular.

4.1.2 A copy of the final audit report must be submitted to the OED Financial Manager within the earliest of thirty (30) calendar days after receipt of the auditor's report; or nine (9) months after the end of the period audited.

4.1.3 A management letter, if issued, shall be submitted to OED along with the reporting package prepared in accordance with the Single Audit Act Amendments and the OMB Omni Circular. If the management letter is not received by the Contractor at the same time as the Reporting Package, the Management Letter is also due to OED within thirty (30) days after receipt of the Management Letter, or nine (9) months after the end of the audit period, whichever is earlier. If the Management Letter has matters related to OED

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

4.1.4 All audit related material and information, including reports, packages, management letters, correspondence, etc., shall be submitted to **OED Financial Management Unit**.

4.1.5 The Contractor will be responsible for all Questioned and Disallowed Costs.

4.1.6 The Contractor may be required to engage an audit committee to determine the services to be performed, review the progress of the audit and the final audit findings, and intervene in any disputes between management and the independent auditors. The Contractor shall also institute policy and procedures for its sub recipients that comply with these audit provisions, if applicable.

5.1 Budget Modification Requests

5.1.1 Minor modifications to the services provided by the Contractor or changes to each line item budget equal to or less than a ten percent (10%) threshold, which do not increase the total funding to the Contractor, will require only notification to OED with the next monthly draw. Minor modifications to the services provided by Contractor, or changes to each line item budget in excess of the ten percent (10%) threshold, which do not increase the total funding to Contractor, may be made only with prior written approval by OED. Such budget and service modifications will require submittal by Contractor of written justification and new budget documents. All other contract modifications will require an amendment to this Agreement executed in the same manner as the original Agreement.

5.1.2 The Contractor understands that any budget modification requests under this Agreement must be submitted to OED prior to the last Quarter of the Contract Period, unless waived in writing by the OED Director.

6.1 Procurement

6.1.1 The Contractor shall follow the City Procurement Policy to the extent that it requires that at least three (3) documented quotations be secured for all purchases or services (including insurance) supplies, or other property that costs more than five thousand dollars ($5,000) in the aggregate.

6.1.2 The Contractor will maintain records sufficient to detail the significant history of procurement. These records will include, but are not limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

6.1.3 If there is a residual inventory of unused supplies exceeding five thousand dollars ($5,000) in total aggregate upon termination or completion of award, and if the supplies are not needed for any other federally sponsored programs or projects the Contractor will compensate the awarding agency for its share.

7.1 Bonding

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

8.1 Records Retention

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

8.1.2 The awarding agency shall have the right of access, upon reasonable notice, to any pertinent books, documents, papers, or other records which are pertinent to the contract, in order to make audits, examinations, excerpts, and transcripts.

9.1 Contract Close-Out

9.1.1 All Contractors are responsible for completing required OED contract close-out forms and submitting these forms to their appropriate OED Contract Specialist within sixty (60) days after the Agreement end date, or sooner if required by OED in writing.

9.1.2 Contract close out forms will be provided to the Contractor by OED within thirty (30) days prior to end of contract.

9.1.3 OED will close out the award when it determines that all applicable administrative actions and all required work of the contract have been completed, and that any repayment required according to the terms of this Agreement has been received or forgiven. If Contractor fails to perform in accordance with this Agreement, OED reserves the right to unilaterally close out a contract, "unilaterally close" means that no additional money may be expended against the contract.

10.1 Collection of amounts due

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

EXHIBIT C
(Affirmative Marketing)

City and County of Denver
Affirmative Marketing Program

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

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

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

In the City's Housing Loan Program, the objective of the Affirmative Marketing Program and a project's Affirmative Marketing Plan will be to increase the racial/ethnic diversity of the project's tenant population so that the tenant population is not made up exclusively of persons of one race/ethnicity.
In order to accomplish this, owners will be required to adopt a plan that will inform and solicit applications from persons in the housing market who are least likely to apply for the housing without special outreach. In general, persons who are not of the race/ethnicity of the majority of the residents of the neighborhood in which the property is located will be considered as persons least likely to apply.

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

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

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

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

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

EXHIBIT D

The provisions of Exhibit E are found in the Amended and Restated Operating Agreement of Laradon NW, LLC. A copy of the fully executed operating agreement will be provided to the City after execution.

Distribution of Cash Flow

(i) First, to the Investor Member to the extent of any amount which the Investor Member is entitled to receive in order to satisfy any and all amounts owed to it pursuant to this Agreement, including, without limitation, under Section 6.8 and Section 6.9 in the Operating Agreement (other than Section 3.7 thereof);

(ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Investor Member pursuant to Section 3.7;

(iv) Fourth, to the Operating Reserve Account until such time as such account is replenished up to 75.00% of the Operating Reserve Target Amount;

(v) Fifth, while the Permanent Loan is outstanding, to the City of Denver a $5,000 annual private activity bond compliance monitoring fee;

(vi) Sixth, to the Developer to pay any unpaid balance on the Deferred Development Fee;

(vii) Seventh, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

(viii) Eighth, to pay up to the DHDP Special Member Asset Management Cash Flow Fee pursuant to the terms of the DHDP Special Member Asset Management Fee Agreement and all accrued and unpaid DHDP Special Member Asset Management Fee and interest thereon;

(ix) Ninth, seventy-five percent (75%) of the balance to be split (a) 75.00% to repay the Subordinate Cash Flow Loan from the City of Denver as required or permitted under the Subordinate Cash Flow Loan documents, and (b) 25% to repay the Subordinate Cash Flow Loan from the State of Colorado as required or permitted under the Subordinate Cash Flow Loan documents;

(x) Tenth, to pay the Company Administration Fee in an amount up to 50% of the Company Administration Fee;

(xi) Eleventh, to pay the PILOT and then all accrued and unpaid PILOT and interest thereon;

(xii) Twelfth, twenty-five percent (25%) of the balance to fund the Property Tax Escrow Account;

(xiii) Thirteenth, to repay any accrued and unpaid principal and interest on loans made by the Managing Member pursuant to Section 3.7;

(xiv) Fourteenth, to the Managing Member (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Company (without interest) by the Managing Member pursuant to Section 6.4.6(i) or 6.4.6(ii) and not yet repaid;

(xv) Fifteenth, to pay the balance of the Company Administration Fee in accordance with the terms of the Company Administration Agreement; then

(xvi) Sixteenth, until the end of the Compliance Period, ninety percent (90%) of the balance, if any, to the Managing Member as an Incentive Company Management Fee, on a non-cumulative basis.

DEFINED TERMS

"Act" means the Wisconsin Limited Liability Company Act, as the same may be amended from time to time (or any corresponding provisions of any successor law).

"Asset Management Fee" means an annual fee of $9,900, to be increased annually by three percent (3%).

"Asset Manager" means NEF Asset Manager LLC, an Illinois limited liability company, or any replacement or substitute entity selected by the Investor Member in its sole and absolute discretion and identified in writing to the Managing Member.

"Building" means each building in the Project that is assigned a separate building identification number (BIN) in the documents evidencing the allocation of Tax Credits for the Project.

"Capital Contribution" means, with respect to any Member, the total amount of cash or any cash equivalents contributed and/or agreed to be contributed to the Company, including all adjustments thereto, as provided in this Operating Agreement. Except for obligations incurred in connection with Section 6.4.6(i)-(iii), and any loans made in accordance with Section 3.7 hereof, any additional advances actually made by the Managing Member shall be treated as a Capital Contribution of such Managing Member for purposes of this Operating Agreement. Any reference in this Operating Agreement to the Capital Contribution of a substituted Member shall include all Capital Contributions previously made by any predecessor or former Member in respect of the Membership Interest acquired by the substituted Member, subject to all adjustments thereto pursuant this Operating Agreement.

"Cash Flow" means, with respect to any Fiscal Year of the Company, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) Required Debt Service Payments; (b) all cash expenditures incurred incident to the Operating Expenses of the Company

for that Fiscal Year; and (c) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Members shall from time to time agree to establish.

"Cash Flow Debt Service Payments" means all principal, interest and other charges and fees that are principal and interest payments which are payable in connection with the Construction Loan and, or, any Permitted Loan, and the payment or amount of which are contingent on available net operating receipts of the Company, including, but not limited to, payment with respect to (a) loans payable solely from Cash Flow, (b) loans to the Company from the Managing Member (including loans made pursuant to Section 3.7 or Sections 6.4.6(i) or 6.4.6(ii) hereof), and (c) loans to the Company from the Investor Member.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

"Company" means Laradon NW, LLC.

"Company Administration Fee" means an annual fee of $40,000, accruing to the extent not paid payable 100% to the Managing Member, increasing annually at three percent (3%).

"Compliance Period" means, with respect to any Building in the Project Property, the fifteen (15) taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in Section 42(i)(1) of the Code.

"Construction Completion" means the date upon which the Project has achieved "substantial completion" in accordance with the Construction Contract, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Company Property has been completed in substantial accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis, provided that the Company has delivered sufficient funds or cash equivalents in escrow, or has retained sufficient funds pursuant to the Construction Contract, to provide for the completion of such punch list items) and (b) a temporary certificate of occupancy for all Residential Units.

"Construction Completion Date" means the date on which Construction Completion is achieved, which in any event shall not exceed the date required by any Lender or State Agency.

"Construction Contract" means that design-build agreement to be dated on or by December 12, 2019 by and between the Company and the Contractor in connection with the construction and/or rehabilitation of the Project.

"Construction Lender" means JP Morgan Chase Bank, N.A., or another lender reasonably acceptable to the Investor Member.

"Construction Loan" means that certain loan to the Company from the Construction Lender in the original principal amount not to exceed Twenty Two Million and No/100 Dollars ($22,000,000.00), which loan is evidenced by the Construction Loan Documents.

"Construction Loan Documents" means any and all of the documents evidencing, securing, or related to the Construction Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

"Credit Period" means, with respect to any Building in the Project the period of ten (10) taxable years beginning with (a) the taxable year in which the Building is placed in service or (b) at the election of the taxpayer, the next succeeding taxable year, but only if the Building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects and the first year of the Credit Period pursuant to Code Section 42.

"Debt Service Coverage Ratio" shall be defined as the Gross Cash Receipts for a specified period (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) reduced by all Operating Expenses, divided by Required Debt Service Payments. The Operational Costs of the Company shall be used in place of Operating Expenses to calculate Debt Service Coverage Ratio only for purposes of defining the Right-Sized Permanent Loan Amount and Stabilized Occupancy.

"Deferred Development Fee" means the Development Fees, including any interest imposed pursuant to Section 3.2.7(iii) in the Operating Agreement, that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Investor Member or the Project financing. The amount of the Deferred Development Fee shall include any accrued interest calculated in accordance with Section 3.2.7(iii).

"Developer" means Gorman & Company, LLC.

"Development Completion Guaranty" means all of the obligations of the Managing Member as described in Section 6.4.6(i) of this Operating Agreement.

"Development Fee" and "Developer Fee" means the fee in the amount of Four Million Four Hundred Fifty Thousand and No/100 Dollars ($4,450,000.00) described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

"Development Fee Agreement" means the Development Fee Agreement entered into or to be entered into by the Company and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

"DHA" means Denver Housing Authority.

"DHDP Special Member" means Denver Housing Development Partners, Inc., a Colorado non-profit corporation.

"DHDP Special Member Asset Management Agreement" means that certain DHDP Special Member Asset Management Agreement dated as of the same date hereof by and between the Company and the DHDP Special Member.

"DHDP Special Member Asset Management Cash Flow Fee" means an annual fee payable out of Cash Flow, pursuant to DHDP Special Member Asset Management Agreement, in a maximum annual amount of $3,920.00.

"Disposition Fee" means the fee described in Section 6.5.4 in the Operating Agreement.

"Extended Use Agreement" means the extended low-income housing commitment entered into between the Company and the State Housing Finance Agency pursuant to Section 42(h)(6) of the Code.

"Fiscal Year" means the calendar year unless otherwise specified in writing by the Investor Member.

"Gross Cash Receipts" means all cash received from the operations of the Company, including all government subsidies due and payable at such time but not yet received by the Company, but excluding Capital Contributions, loan proceeds, prepayment of rent more than one month in advance, security deposits (unless applied to rent or other expenses), insurance proceeds (other than rental loss insurance proceeds), condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.

"Guarantor" means Gorman & Company, LLC.

"Incentive Company Management Fee" means the portion of Cash Flow that is paid to the Managing Member pursuant to Section 5.1.1 and Section 6.5.5 of the Operating Agreement as an additional fee for managing the affairs of the Company.

"Investor Member" means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, or any Person who becomes a Substituted Investor Member pursuant to Section 9.1, Section 9.2, Section 9.3 or Section 9.6 in the Operating Agreement.

"Lender" or "Lenders" means the Construction Lender, the Permanent Lender, and/or the Subordinate Cash Flow Lenders, as the context requires.

"Loan Documents" means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Cash Flow Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Company evidencing, securing or related to such Loan Documents.

"Managing Member" means GEC Laradon NW, LLC, a Wisconsin limited liability company, which (as of the date hereof) is wholly owned by the Developer, or any other Person who becomes a successor managing member pursuant to Section 10.1, Section 10.2 or Section 10.3 of the Operating Agreement.

"Member" or "Members" mean the Managing Member, the DHDP Special Member and Investor Member, either individually or collectively.

"Membership Interest" means, as to any Member, such Member's right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Company, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Member in the Company under this Operating Agreement and the Act.

"NEF" means National Equity Fund, Inc., an Illinois not-for-profit corporation.

"Net Cash from Sales and Refinancings" means, with respect to any Fiscal Year of the Company, the cash proceeds from Company sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Company in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Company, other than amounts treated as loans pursuant to the Operating Agreement from the Managing Member, the Developer, the Guarantor or the Investor Member, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with the sale or other disposition of Project Property.

"Operating Agreement" means the Company's Amended and Restated Operating Agreement of the Company, dated as of December 12, 2019.

"Operating Deficit" means the amount by which the collected revenues of the Company from rental payments made by tenants of the Project (including governmental subsidies received during such period or accrued and not more than 60 days late during such period) and all other revenues of the Company (excluding Capital Contributions, proceeds of any loans to the Company, investment earnings on funds on deposit in the reserve fund for replacements and other such reserve or escrow funds or accounts, prepayment of rent, security deposits (except to the extent such deposits have been forfeited and applied to pay rent) and any other funds not generated from current Project operations) for a particular period of time is exceeded by the sum of (i) all Operating Expenses and (ii) all Required Debt Service Payments during the same period of time. In computing the Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital improvements (excluding (i) payments for construction of the Project and (ii) any amounts budgeted to be spent for capital improvements that the Asset Manager reasonably agrees are not currently necessary to the Project) during the period described above shall also be taken into account, unless such amounts are funded from Project reserves. Operating Deficits shall be measured on a monthly basis and funded as necessary during the Operating Deficit Guaranty Period.

"Operating Deficit Guaranty" means all of the obligations of the Managing Member as described in Section 6.4.6(ii) of this Operating Agreement.

"Operating Deficit Guaranty Period" means the period beginning with the date on which the Project achieves Stabilized Occupancy and ending on the date on which the Company has achieved a Debt Service Coverage Ratio of 1.15 or better, measured on an annualized basis, for a period of one year commencing on or after the third anniversary of achievement of Stabilized

Occupancy, provided that if the Operating Reserve is not funded on the last day of such period in an amount greater than or equal to the Operating Reserve Target Amount, then the Operating Deficit Guaranty Period shall be extended until such time as the Operating Reserve Account is funded in an amount that is greater than or equal to the Operating Reserve Target Amount. Any amount funded by the Managing Member into the Operating Reserve pursuant to the Development Completion Guaranty under Section 6.4.6(i)(b) of the Operating Agreement will not be included in determining whether the Operating Reserve Target Amount has been funded as required by the preceding sentence.

"Operating Expenses" means all expenses incurred incident to the operation of the Project and the Company including, without limitation, administrative expenses of the Company, Project maintenance costs, insurance premiums, amounts required to fund deductibles, claims and related expenses to the extent not funded from insurance proceeds, fees to lenders and/or any applicable mortgage insurance premium payments, utilities, Property Management Agent Fee, taxes, assessments, required deposits into the Replacement Reserve and other reserves or escrow accounts, including any arrearages that must be funded, capital expenditures not paid from any reserves, equity or development financing proceeds, and all other Company obligations or expenditures that become due and payable, excluding Required Debt Service Payments, Cash Flow Debt Service Payments, fees and other expenses and obligations of the Company to be paid from Capital Contributions and capital expenditures paid from reserves, equity or development financing proceeds.

"Operating Reserve" means the amount required by the Operating Agreement or the Loan Documents to be reserved by the Company to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in Section 6.4.7(ii).

"Operating Reserve Account" means a segregated Company bank account established by the Managing Member to hold the Operating Reserve, as described in Section 6.4.7(ii) of the Operating Agreement.

"Operating Reserve Target Amount" means Nine Hundred Thirteen Thousand Nine Hundred Forty-Nine and No/100 Dollars ($913,949.00) and maintained as described in Section 6.4.7(ii).

"Operational Costs of the Company" means Seasonably Adjusted Operating Expenses, but excluding the Deferred Development Fee, the Incentive Company Management Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow. The Operational Costs of the Company identified by the Managing Member shall be evidenced by a certification of the Managing Member confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Company on the date of such certification. The Operational Costs of the Company for any period shall be the greater of (a) the Project's actual Seasonally Adjusted Operating Expenses for such period, or (b) the anticipated operational costs of the Project for such period determined on an accrual basis in accordance with the operating expenses of the Project for the applicable period shown in the Projections, provided that the Project property tax, utilities, and insurance expense used to calculate the Operational Costs of the Company shall be based solely upon the actual property tax (if the

assessed value reflects construction completion) and insurance expense incurred by the Company for the subject period.

"Permanent Lender" means Hunt Real Estate Capital, or another lender reasonably acceptable to the Investor Member, including without limitation Federal Home Loan Mortgage Corporation.

"Permanent Loan" means that certain construction/permanent mortgage loan from the Permanent Lender to the Company in the original principal amount not to exceed Twenty Million Six Hundred Seventy-Nine Thousand and No/100 Dollars ($20,679,000.00), which loan is evidenced by the Permanent Loan Documents.

"Permanent Loan Documents" means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

"Permitted Loan" means, collectively, (a) the Permanent Loan; (b) the Subordinate Cash Flow Loan; and (c) loans to the Company from the Managing Member and/or the Investor Member in accordance with the Operating Agreement.

"Person" means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"PILOT Agreement" means that certain Agreement for Payments in Lieu of Taxes, pertaining to the abatement of real property taxes on the Project Property, payable to DHA.

"Plans and Specifications" mean the plans and specifications attached and made a part of the Construction Contract, as supplemented by any change orders approved by the Investor Member, to the extent such approval is required by Section 6.2.28 below.

"Project Property" or "Project" means the affordable housing rental project to be known as The Stella, which project will be located at 5190 N. Broadway, Denver, Colorado and will be comprised of one (1) Building containing one hundred thirty two (132) Residential Units, administration offices, community rooms, central laundry facilities, surface and covered parking, a playground, and all furnishings, equipment and personal property used in connection with the operation thereof. It is expected that one hundred thirty one (131) Residential Units will be rented to low- and very low-income households and one (1) unit will be for an on-site manager.

"Property Management Agent" means initially Ross Management or such other Property Management Agent as is selected by the Managing Member from time to time or identified by the Investor Member pursuant to Section 6.4.9 of the Operating Agreement with the prior written consent of the Asset Manager. Gorman & Company, LLC is acceptable to the Asset Manager as the Property Management Agent.

"Property Management Agent Fee" means a fee of up to 6% of the gross collected rents from the Project payable to the Property Management Agent, as described in the Property Management Agreement.

"Property Tax Escrow Account" means the escrow account to be established by the Company pursuant to the terms of the Addendum.

"Projections" means the projections attached hereto as Appendix I, as they may be amended pursuant to this Operating Agreement.

"Regulatory Agreement" means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Lender, or any applicable government agency setting forth certain terms and conditions under which the Project is to be developed and/or operated.

"Replacement Reserve" means the amount of funds required by the Operating Agreement or the Loan Documents to be reserved by the Company to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in Section 6.4.7(iii) of the Operating Agreement.

"Required Debt Service Payments" means all principal, interest and other required recurring charges and fees that are required to be paid monthly, or at some other regular period, which are payable in connection with the Construction Loan and, or, any Permitted Loan, but only to the extent that payment of such amount is not contingent on available net operating receipts of the Company.

"Residential Units" means the individual residential rental housing Tax Credit Units located on the Project Property.

"Right-Sized Permanent Loan Amount" means the maximum permanent loan amount having debt service requirements (based on the actual Permanent Loan interest rate and terms) that, as reasonably determined by the Investor Member, are consistent with a Debt Service Coverage Ratio of 1.15 or better for each month during a three (3) consecutive month period which is either (a) the three (3) consecutive months immediately prior to the conversion of the Construction Loan to the Permanent Loan or (b), at the discretion of the Asset Manager, the three (3) consecutive month period used to determine that Stabilized Occupancy has been achieved. Calculation of the Debt Service Coverage Ratio for each such month shall be based upon the Operational Costs of the Company and Gross Cash Receipts, excluding any non-rental income that exceeds the amount of non-rental income specified in the Projections, as adjusted utilizing a vacancy factor equal to the greater of 7% or the actual vacancy of the Project for the prior month's operations (or a lesser vacancy rate if so used by the Permanent Lender in determining the Permanent Loan amount) and excluding the amount of any income from tenant-based (not project-based) rent subsidy vouchers with respect to Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent. In no event shall the Right-Sized Permanent Loan Amount exceed the Permanent Loan amount of $22,000,000.00.

“Seasonally Adjusted Operating Expenses” means the Operating Expenses for a specified period as adjusted to take into account seasonal or periodic expenses incurred on an unequal basis during a full calendar year (such as utilities, maintenance expense and real estate taxes) and prorated evenly over the 12 month period, as reasonably determined by the Managing Member.

“Stabilized Occupancy” means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three (3) consecutive months; and (b) the Gross Cash Receipts (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) for any three (3) consecutive calendar months after Construction Completion from those Residential Units collectively equal or exceed each of the following: (i) an amount no less than 90% of the projected rents as set forth in the Projections for the same three (3) month period; and (ii) an amount sufficient to yield a Debt Service Coverage Ratio of not less than 1.15 during each month of such three (3) consecutive month period based upon the Operational Costs of the Company and the required monthly payment of principal and interest provided for under the draft Permanent Loan Documents.

“Subordinate Cash Flow Loan” means those loans expected to be made from the following lenders in the amount(s) set forth after their (its) name(s), which do not have any required payments from Gross Cash Receipts and which will be funded no later than Stabilized Occupancy:

	Lender	Loan Amount
1.	City of Denver (“City Loan”)	$3,500,000.00
2.	Colorado Housing Trust Fund (HTF) (“State Loan”)	$1,300,000.00

“Subordinate Cash Flow Loan Documents” means any and all of those Subordinate Loan Documents evidencing, securing, or related to each of the Subordinate Cash Flow Loans, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan.

“Substituted Investor Member” means a Person who is admitted as an Investor Member to the Company pursuant to Section 9.2 or Section 9.3 in place of and with all the rights of an investor member under the Operating Agreement and the Act.

“Tax Credit” or “Credit” means the low income housing tax credit under Section 42 of the Code.

“Tax Credit Units” means Project units that are subject to the Tax Credit income limitations under Section 42 of the Code as specified in the Projections.