

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “Amendment”) is made and entered by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado (“City”), and **MORRISON ROAD LLC**, a Wisconsin limited liability limited partnership, doing business in Colorado as **GORMAN MORRISON ROAD, LLC**, whose address is 200 N. Main Street, Oregon, WI 53575 (“Borrower”), each individually a “Party” and collectively the “Parties.”

RECITALS:

WHEREAS, the Parties entered into a loan agreement dated July 15, 2020 (the “Loan Agreement”), relating to a loan to Borrower in the original principal amount of One Million Four Hundred Fifteen Thousand Dollars and No/100 (\$1,415,000.00) (the “Loan”); and

WHEREAS, the Borrower executed a promissory note dated August 14, 2020 evidencing repayment of the Loan (the “Promissory Note”); and

WHEREAS, repayment of the Promissory Note was secured by a deed of trust dated August 14, 2020 and recorded on August 18, 2020 at Reception No. 2020129236 in the real property records of the City and County of Denver, Colorado as a lien against that certain real property described therein (the “Deed of Trust”); and

WHEREAS, the Borrower recorded a rental and covenant securing such property described therein for use as affordable housing (the “Covenant”) in conformance with the terms of the Loan Agreement; and

WHEREAS, collectively, the Loan Agreement, Promissory Note, Covenant, and Deed of Trust are referred to herein as the “Loan Documents;” and

WHEREAS, the Parties wish to amend and modify the terms and conditions of the Loan Documents to modify the cash flow calculation set forth in Exhibit F of the Loan Agreement; and

NOW THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and the Parties’ mutual covenants and obligations, the Parties agree as follows:

1. Exhibit F of the Loan Agreement shall be replaced with Exhibit F-1, attached to this Amendment. The updated Cash Flow Calculation marked as Exhibit F-1

attached hereto is incorporated herein by this reference and shall supersede and replace Exhibit F.

2. The Loan Documents are hereby modified to reflect the amended terms of the Loan Agreement.

3. Except as herein amended, the Loan Documents continue in effect, and are affirmed and ratified in each and every particular.

4. This Amendment will not be effective or binding on the City until it has been fully executed by all required signatories of the City and County of Denver, and if required by Charter, approved by the City Council.

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[SIGNATURE PAGES TO FOLLOW]

Contract Control Number: HOST-202054179-01 / HOST-202054179-00
Contractor Name: MORRISON ROAD 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:

REGISTERED AND COUNTERSIGNED:

Attorney for the City and County of Denver

By:

By:

By:

Contract Control Number:
Contractor Name:

HOST-202054179-01 / HOST-202054179-00
MORRISON ROAD LLC

By:  _____
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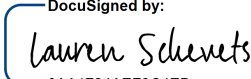
Name: _____

Brian Swanton

Title: _____

President of Gorman & Company, LLC, the
Manager of GEC Morrison Road, LLC, the Managing
Member of Morrison Road, LLC doing business in C
olorado as Gorman Morrison Road, LLC

ATTEST: [if required]

By:  _____
0AA1734AEF9C4EB...

Name: _____

Lauren Schevets

Title: _____

Director of Development - Colorado,
for Gorman & Company, LLC

Exhibit F-1

Cash Flow Calculation

The provisions of Exhibit F-1 are found in the Amended and Restated Operating Agreement of Morrison Road, LLC (the “Operating Agreement”). A copy of the fully executed operating agreement will be provided to the City after execution.

Distribution of Cash Flow

First, to the Investor Member to the extent of any amount to which the Investor Member is entitled to receive Cash Flow to satisfy any payment required pursuant to §5.10 Operating Agreement;

Second, to repay (on a prorata basis) any unpaid loans made pursuant to §2.6 hereof;

Third, to pay accrued and unpaid Asset Management Fee, if any;

Fourth, to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount;

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

Sixth, to pay accrued interest and then principal on the Development Note;

Seventh, to pay up to 50% of the DHDP Special Member Asset Management Fee pursuant to the terms of the DHDP Special Member Asset Management Agreement and all accrued and unpaid DHDP Special Member Asset Management Fee and interest thereon;

Eighth, 75% of the balance to be split (a) 61.5% to repay the Secondary Loan from the City of Denver as required or permitted under the Secondary Loan documents and (b) 38.5% to repay the Secondary Loan from the State of Colorado as required or permitted under the Secondary Loan documents; and

Ninth, as further set forth in the Operating Agreement.

After making the payments described in §4.1(a) hereof, the remaining Cash Flow, if any, shall be distributed to the Members in accordance with the following percentages:

Investor Member	99.98%
DHDP Special Member	0.01%
<u>Managing Member</u>	<u>0.01%</u>
Total	100%

DEFINED TERMS

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

“Affiliate” means, with respect to any Person: (a) any Person directly or indirectly controlling, controlled by or under common control with such Person; (b) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person; (c) any officer, director, manager or general partner of such Person; or (d) any Person who is an officer, director, general partner, manager, trustee or holder of ten percent (10%) or more of the voting securities of any Person described in clauses (a) through (c) of this subparagraph.

“Asset Management Fee” means a fee of \$136,000, to be funded out of the First Installment of the Investor Member Capital Contribution payment specified in § 2.2(a) of the Operating Agreement and as described in § 5.5(d) of the Operating Agreement.

“Capital Contribution” means, with respect to any Member, the amount of money and the fair market value of property contributed to the Company by such Member.

“Cash Flow” means, with respect to any fiscal year of the Company, the gross cash receipts of the Company, reduced by the sum of the following: (a) all principal and interest payments and other sums paid on or with respect to the Construction Loan, the Permanent Loan, or any other loan to the Company other than the Secondary Loan, the Development Note or loans to the Company from the Managing Member or the Developer or the Guarantor or any of their respective Affiliates, including pursuant to §2.6, §5.4(h), §5.4(j), §5.4(m) or §5.4(n) of the Operating Agreement or the Guaranty Agreement, or the Investor Member; (b) all cash expenditures incurred incident to the operation of the Company’s business, (including, without limitation, any capital expenditures in excess of funds withdrawn from the Replacement Reserve for such purpose); (c) the current Asset Management Fee; and (d) such cash as is necessary to (i) fund the Replacement Reserve, (ii) pay all accrued, outstanding trade payables, and (iii) establish any additional reserves as the Members shall from time to time agree to establish. Net Cash from Sales and Refinancing and the proceeds of the Capital Contributions shall be excluded from gross cash receipts and Cash Flow for this purpose.

“Commitment Letter” means that certain letter to Gorman & Company, LLC from Key Community Development Corporation dated April 28, 2020.

“Company” means Morrison Road, LLC, a Wisconsin limited liability company.

“Construction Lender” means KeyBank National Association.

“Construction Loan” means that certain loan to the Company from the Construction Lender in the original principal amount of \$15,000,000 made pursuant to loan documents dated after the date hereof.

“Developer” means Gorman & Company, LLC, a Wisconsin limited liability company.

“Development Agreement” means the development agreement entered into or to be entered into by the Company and the Developer pursuant to which the Developer shall assume primary responsibility for overseeing the development of the Project and bearing certain cost overruns.

“Development Fee” means \$2,665,000 (plus certain cost savings realized by the Company, as described in the Development Agreement) payable at the times and upon the conditions set forth in the Development Agreement

“Development Note” means the promissory note payable to the Developer by the Company in the original principal amount of \$1,369,155, which represents the unpaid balance of the Development Fee.

“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 by and between the Company and the DHDP Special Member.

“DHDP Special Member Asset Management Fee” means a fee set by DHDP Special Member, escalating 3% annually, as described in §5.5(f) of the Operating Agreement.

“First Installment” has the meaning set forth in §2.2(a)(1) of the Operating Agreement.

“Fourth Installment” has the meaning set forth in §2.2(a)(4) of the Operating Agreement.

“Guarantor” means, collectively, Gorman Holdings, Inc., a Wisconsin corporation, and Gorman & Company, LLC, a Wisconsin limited liability company.

“Guaranty Agreement” means the Guaranty Agreement between the Company and the Guarantor.

“Investor Member” means Key Community Development Corporation or any Person who becomes a Substituted Investor Member for any such Person pursuant to §8.1 or §8.2 of the Operating Agreement.

“Managing Member” means GEC Morrison Road, LLC, a Wisconsin limited liability company, or any other Person who becomes a successor managing member pursuant to §9.1 or §9.3 of the Operating Agreement.

“Member” means the Managing Member, DHDP Special Member, or the Investor Member.

“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 or refinancing, and (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of

the Company other than (i) the Secondary Loan, (ii) the Development Note and (iii) amounts treated as loans pursuant to the Operating Agreement from the Managing Member, Developer or Guarantor or any of their respective Affiliates or the Investor Member. 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.

“Operating Reserve” means the reserve in the aggregate amount of \$474,000 to be funded out of the First and Fourth Installment of the Investor Member Capital Contribution payment specified in §2.2(a) of the Operating Agreement or proceeds from the Permanent Loan, whichever is available first, which reserve shall be held for working capital and operating purposes and contingencies, excluding project repairs and replacements which are to be covered by the Replacement Reserve.

“Operating Reserve Account” means a segregated Company bank account established to hold the Operating Reserve, which account shall be maintained at KeyBank National Association unless the Permanent Lender requires that it hold such account.

“Operating Reserve Amount” means \$474,000.

“Permanent Lender” means KeyBank National Association.

“Permanent Loan” means that certain first-priority mortgage loan from the Permanent Lender to the Company in the original principal amount not to exceed \$11,000,000 pursuant to the Commitment Letter dated April 28, 2020.

“Person” means any individual, partnership, limited liability company, corporation, trust or other entity.

“Project” means one (1) building consisting of eighty (80) housing units [including one (1) manager’s unit] at a site located at 5048 Morrison Road, Denver, Colorado 80219.

“Replacement Reserve” means the amount required by the Permanent Loan and other loan documents to be reserved by the Company, equal an initial aggregate amount of \$24,000, to be funded from the First and Fourth Installment, and then funded in additional amounts of not less than \$300 per unit per year, escalating 3% annually, funded ratably on a monthly basis, with credit given for any amount funded into any lender controlled replacement reserve, as further described in §5.4(g)(2) of the Operating Agreement.

“Secondary Loan” means the subordinate mortgage financing provided by (i) the City of Denver in the aggregate amount of \$1,415,000; and (ii) the State of Colorado in the aggregate amount of \$885,000, which loans shall be payable only out of Cash Flow and Net Cash from Sales and Refinancings as provided in §4.1(a) and §4.2(a) of the Operating Agreement.

“Substituted Investor Member” means a Person who is admitted as the Investor Member to the Company pursuant to §8.1 or §8.2 of the Operating Agreement in place of and with all the rights of an investor member under the Operating Agreement and the Act.