

**LOAN AGREEMENT
(LINKAGE FEE)**

THIS LOAN AGREEMENT (“Agreement”) is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado (“City”), and **BEELER PARK FLATS OWNER LLC**, a Colorado limited liability company, whose address is 205 Detroit Street, Suite 400, Denver, CO 80206 (“Borrower”), each individually a “Party” and collectively the “Parties.”

WITNESSETH:

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

WHEREAS, the purpose of this Agreement is for the City to provide financing costs related to the development and construction of sixty-four (64) affordable multi-family dwelling units located on the Property which will be known as Beeler Park Flats (the “Project”);

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

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

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

1. LOAN TO BORROWER:

A. Subject to the terms of this Agreement, the City agrees to lend Borrower the sum of **TWO MILLION ONE HUNDRED THOUSAND DOLLARS and No/100 (\$2,100,000.00)** (the “Loan”). In addition to this Agreement, Borrower will execute a promissory note in a form satisfactory to the City evidencing this Loan (the “Promissory Note”) and a covenant securing the Property for use as affordable housing as required by Section 6 hereof. Simple interest at a rate of one percent (1%) per annum shall commence accruing on the outstanding principal balance of the Promissory Note on the date on which the first draw on the Loan is made.

B. Principal and any interest accrued on the Loan shall be due and payable, at such place as may be designated by City, in annual installments of the amount calculated in accordance with the order of priority and other provisions set forth in Exhibit F, attached hereto and incorporated herein (“Cash Flow”). Such annual installments shall commence and be due on the first July 1st following the date that is twenty-four (24) calendar months after the effective date of the

Promissory Note and each July 1st thereafter. If not paid sooner, the entire unpaid balance of principal and accrued interest will be due and payable on the twentieth (20th) anniversary of the date of the Promissory Note (the “Maturity Date”). Each year after repayment of the Loan has commenced, Borrower shall provide to the City, no later than June 1st, (i) an audited financial statement for the Project for the preceding calendar year; and (ii) a statement or letter from an auditor that details (a) the total amount of Cash Flow available for distribution, and (b) a calculation that details the amount(s) and the person(s) or entity (entities) to which the available Cash Flow will be distributed based on the order of priority and other provisions set forth in Exhibit F.

2. **SECURITY**: Repayment of the Promissory Note shall be secured by a Deed of Trust (the “Deed of Trust”), in form satisfactory to City, granted by Borrower and encumbering the real property known and numbered as 5601 N. Chester Way, Denver, CO 80239, and legally described as set forth in Exhibit D (the “Property”).

3. **SUBORDINATION**:

A. The Executive Director, or the Executive Director’s designee (the “Executive Director”), of the City’s Department of Housing Stability (“HOST”) is authorized to execute documents necessary to subordinate the lien of the City’s Deed of Trust and Covenant so long as (i) the subordination agreement is substantially in the form attached hereto as **Exhibit E**; (ii) encumbrances prior to the City’s Deed of Trust do not exceed Twenty Million Dollars and No/100 (\$20,000,000.00) under the construction loan(s) or Nine Million Dollars and No/100 (\$9,000,000.00) under the permanent loan(s); (iii) Borrower is not then in default of its obligations pursuant to this Agreement, the Promissory Note, the Deed of Trust or the Covenant; and (iv) all additional financing for the Project is committed.

B. The Executive Director is authorized to execute documents necessary to subordinate the City’s Deed of Trust and Covenant to land use restriction agreements (“LURAs”), such as the LURA required by the Colorado Housing and Finance Authority, so long as (i) the subordination agreement is in the form acceptable to the City Attorney; (ii) encumbrances prior to the City’s Deed of Trust do not exceed Twenty Million Dollars and No/100 (\$20,000,000.00) under the construction loan(s) or Nine Million Dollars and No/100 (\$9,000,000.00) under the permanent loan(s); and (iii) Borrower is not then in default of its obligations pursuant to this Agreement, the Deed of Trust, or the Covenant.

C. The Executive Director is authorized to execute documents necessary to accomplish the Loan, as set forth herein, so long as (i) such documents are in a form satisfactory to

the City Attorney; (ii) encumbrances prior to the City's Deed of Trust do not exceed Twenty Million Dollars and No/100 (\$20,000,000.00) under the construction loan(s) or Nine Million Dollars and No/100 (\$9,000,000.00) under the permanent loan(s); and (iii) Borrower is not in default of its obligations pursuant to this Agreement, the Deed of Trust, or the Covenant.

4. USE AND DISBURSEMENT OF FUNDS:

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

Item	Amount	Status
Site Work	\$1,255,440	Reimbursable
Hard Costs	\$17,696,273	
Soft Costs	\$376,387	
Professional Fees	\$1,408,825	
Land	\$375,000	Not Reimbursable
Interim Costs	\$3,347,238	
Perm. Financing & Syndication	\$267,231	
Consultants	\$225,946	
Reserves	\$314,968	
Developer Fee	\$2,378,811	

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

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

D. Where the City's funds are disbursed for construction, (i) the City shall monitor the construction activities for the purpose of verifying eligible costs, and (ii) the City shall retain five percent (5%) of each disbursement of funds, which retainage shall be released pursuant to the provisions of Exhibit B.

E. In addition to the retainage specified above, HOST shall retain Ten Thousand Dollars and No/100 (\$10,000.00) of the total funds to be disbursed under this Agreement (the

“Compliance Retainer”), which retainage shall be released pursuant to the provisions of Exhibit B.

F. Expenses incurred prior to February 27, 2025, are not eligible for reimbursement.

G. All funds disbursed pursuant to this Agreement and the Promissory Note do not include federal funds; therefore, the Davis Bacon Act, 40 U.S.C. 3141, et seq. does not apply to the Loan.

5. DEADLINE FOR DISBURSEMENT OF FUNDS; REQUIRED DOCUMENTATION:

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

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

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

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

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

6. RESTRICTIONS ON USE OF PROPERTY:

A. Affordability Limitations.

i. Twenty-nine (29) of the units at the Property (the “60% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the U.S. Department of Housing and Urban Development (“HUD”), under 24 C.F.R. 888.113 or

(ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 60% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

ii. Twenty-one (21) of the units at the Property (the “50% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 50% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

iii. Seven (7) of the units at the Property (the “40% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 40% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

iv. Seven (7) of the units at the Property (the “30% Units”) shall have rents not exceeding the lesser of (i) fair market rent for comparable units in the area as established by the HUD, under 24 C.F.R. 888.113, or (ii) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 30% of the median income for the Denver area, as determined by HUD, with adjustments for number of bedrooms in the unit.

v. The 60% Units, 50% Units, 40% Units and 30% Units are referred to collectively herein as the “Affordable Units.” By executing this Agreement, Borrower acknowledges receipt of HUD's current rent guidelines from HOST. It shall be Borrower's responsibility to obtain updated guidelines from HOST to confirm the annual calculation of the maximum rents for the Denver area.

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

B. Occupancy/Income Limitations.

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

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

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

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

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

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

BEDROOMS	30% Units	40% Units	50% Units	60% Units
1 Bedroom	1	1	1	2
2 Bedroom	5	5	17	24
3 Bedroom	1	1	3	3
TOTAL	7	7	21	29

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

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

of the Covenant. Violation of said Covenant shall be enforceable as an event of default pursuant hereto.

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

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

- A. Are consistent with the purpose of providing housing for very low-income and low-income families;
- B. Are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
- C. Give reasonable consideration to the housing needs of families that would have a preference under federal selection preferences for admission to public housing;
- D. Do not exclude an applicant with a certificate or voucher under the Section 8 Tenant-Based Assistance Housing Choice Voucher Program or an applicant participating in a HOME tenant-based rental assistance program because of the status of the applicant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document;
- E. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, with prompt written notification to any rejected applicant of the grounds for any rejection; and
- F. Comply with the Violence Against Women Act requirements prescribed in 24 CFR § 92.359.

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

(the “Affirmative Marketing Plan”) to HOST. The Affirmative Marketing Plan must be approved by HOST prior to Borrower adopting it or engaging in any affirmative marketing of the Project.

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

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

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

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

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

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

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

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

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

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

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

12. PROHIBITION OF CERTAIN FEES: A tenant may not be charged fees that are not customarily charged in rental housing (e.g. laundry room access fees), except that a tenant may

be charged the following: reasonable application fees to prospective tenants; parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

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

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

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

A. Examination of Records and Audits: Any authorized agent of the City, including the City Auditor or his or her representative, has the right to access, and the right to examine, copy and retain copies, at City's election in paper or electronic form, any pertinent books, documents, papers and records related to Borrower's performance pursuant to this Agreement, provision of any goods or services to the City, and any other transactions related to this Agreement. Borrower shall cooperate with City representatives and City representatives shall be granted access to the foregoing documents and information during reasonable business hours and until the latter of three (3) years after the final payment under the Agreement or expiration of the applicable statute of limitations. When conducting an audit of this Agreement, the City Auditor shall be subject to government auditing standards issued by the United States Government Accountability Office by the Comptroller General of the United States, including with respect to disclosure of information

acquired during the course of an audit. No examination of records and audits pursuant to this paragraph shall require Borrower to make disclosures in violation of state or federal privacy laws. Borrower shall at all times comply with D.R.M.C. 20-276.

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

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

D. Access and Inspections. For the purposes of assuring compliance with the

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

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

17. TRANSFERS: Borrower acknowledges that the City has examined and relied on the experience of Borrower and its general partners, directors, and members in owning and operating affordable housing projects, such as the Project, in agreeing to make the Loan, and the City will continue to rely on Borrower's ownership and control of the Property and Project as a means of maintaining the affordability requirements and the value of the Property as security for repayment of the Loan. Without the prior written consent of the City, which may not be unreasonably withheld, Borrower shall not: (i) sell, convey, assign, or otherwise transfer or dispose of the Property or any part thereof (other than leases to tenants), or (ii) sell, convey, assign, or otherwise transfer any interest in Borrower; or (iii) change the control or management of Borrower; provided that the Investor Member shall be permitted to remove and replace the managing member of the Borrower for cause and transfer its interest to an affiliate or to a Fund managed by an affiliate of the Investor Member in accordance with Borrower's Operating Agreement without the prior written consent of the City, and the transfer of interests in or the admission of new members to the managing member of Borrower if there is no change in control of the managing member of Borrower shall not require the prior written consent of the City.

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

19. MAINTENANCE AND REPLACEMENT: The owner of the Project shall maintain the Property in compliance with all applicable housing quality standards and local code requirements. Newly constructed or substantially rehabilitated housing must meet applicable requirements

referenced at 24 C.F.R. § 92.251.

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

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

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

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

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

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

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

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

satisfactory to the City.

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

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

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

J. **Construction; Timeline.** Borrower must provide the City with a copy of the construction budget and development timeline, which must be satisfactory in form and substance to the City, a copy of an executed contract with a general contractor including a guaranteed maximum price, and evidence that the Property is properly zoned for the Project.

K. **Evidence of Ownership.** Borrower must provide the City with a copy of the executed purchase and sale agreement for the Property, including any amendments if applicable.

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

23. **CONDITIONS:**

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

B. Borrower shall comply with all applicable laws, rules, regulations and codes of the United States, the State of Colorado; and with the Charter, ordinances, rules, regulations and Executive Orders of the City and County of Denver, as the same may be amended from time to time.

These laws, regulations, and other authorities are incorporated by reference herein to the extent that they are applicable and required by law to be so incorporated.

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

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

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

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

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

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

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

25. DEFENSE & INDEMNIFICATION:

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

concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.

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

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

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

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

26. DEFAULT AND ACCELERATION:

A. Default. The occurrence of any of the following events shall constitute a default by Borrower, subject to any applicable Cure Period:

- i. Any breach of this Agreement, the Promissory Note, the Deed of Trust, or the Covenant;
- ii. The City determines that any warranty, representation, or statement made or furnished to the City by or on behalf of Borrower in connection with this Agreement proves to have been false in any material respect when made or furnished;
- iii. Borrower becomes delinquent on the Loan or on any other contractual or tax obligations as due;
- iv. Borrower fails to comply with any rule, regulation or provision referred to in the Agreement;
- v. Borrower fails to maintain a cash balance that is sufficient to cover

sixty (60) days of Borrower's operating expenses; and

vi. Borrower is generally unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such a receiver, trustee or similar officer is appointed without the application or consent of Borrower, and such appointment continues undischarged for a period of ninety (90) days; or Borrower institutes (by petition, application, answer or otherwise) any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution, liquidation or similar proceedings under the laws of any jurisdiction; or any such proceeding shall be instituted against Borrower; or Borrower terminates or dissolves.

B. Cure Period. Upon a default, HOST shall give written notice of the default to Borrower, Key Community Development Corporation, an Ohio corporation, its successors or assigns as Borrower's investor member (the "Investor Member"), and other persons entitled to notice of a default pursuant to this Agreement. Upon receipt of the written notice, Borrower, Investor Member, or any other person on behalf of Borrower shall have ten (10) calendar days to cure any monetary default and thirty (30) calendar days to cure any nonmonetary default (collectively, the "Cure Period"). If a nonmonetary default is not a type which can be cured within the Cure Period, the Executive Director of HOST, at their reasonable discretion, may extend the cure period if Borrower or Investor Member provides the City with a reasonably detailed written plan of how Borrower will cure the nonmonetary default and Borrower or Investor Member, at all times within such additional time period, actively and diligently pursues such plan. For the avoidance of any doubt, Investor Member shall have only the right and not the obligation to cure any default under the provisions of this Section 26(B). For purposes of this Agreement, the term "monetary default" means a failure by Borrower to make any payment required of it pursuant to the applicable Promissory Note or any other Loan document, and the term "nonmonetary default" means a failure by Borrower or any other person to perform any obligation contained in the Agreement, Covenant, Deed of Trust, or Promissory Note, other than the obligation to make payments provided for in the Promissory note or Loan documents.

C. Acceleration; Interest Upon Default; and Withholding Disbursements. Upon the existence of a default and the failure to cure within the Cure Period, and without necessity of further notice, presentment, demand, protest, or notice of protest of any kind, all of which are expressly waived by Borrower, the City shall have the right to accelerate any outstanding obligations of Borrower, which shall be immediately due and payable, including payments under the Promissory

Note, to foreclose upon the Property, and to enforce or assign its rights under the Deed of Trust. Borrower agrees to pay a late charge of five percent (5%) of any installment not received after fifteen (15) days of the day the installment is due. Upon default and if the default remains after the Cure Period, the principal shall draw interest at the rate of fifteen percent (15%) per annum. If any of the Loan funds have not been disbursed to Borrower, the City may suspend or terminate the Agreement, in whole or in part, and withhold one hundred percent (100%) of any undisbursed funds.

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

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

Beeler Park Flats Owner LLC
205 Detroit Street
Suite 400
Denver, CO 80206
Attn: George Thorn
Attn: Matt Joblon

With a copy to:

Bryan Cave Leighton Paisner LLP
1801 13th Street, Suite #300
Boulder, CO 80301
Attention: Paul Smith

New Communities Law PLLC
1919 14th Street, Suite #700
Boulder, CO 80302
Attention: Ben Doyle

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

Key Community Development Corporation
Mailcode: OH-01-27-0761
127 Public Square, 7th Floor
Cleveland, Ohio 44114
Attention: Asset Manager

and if to the City at:

Executive Director of the Department of Housing Stability

City and County of Denver
201 West Colfax Avenue, Dept. 615
Denver, Colorado 80202

With a copy to:

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

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

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

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

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

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

32. ACKNOWLEDGEMENT OF FUNDING: Borrower will provide and install at the Property signs, in a form mutually agreeable to the Executive Director and Borrower,

acknowledging the participation of the City and the City funding of the Project.

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

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

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

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

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

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

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

on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

List of Exhibits to Loan Agreement

Exhibit A – INTENTIONALLY OMITTED

Exhibit B – Disbursement Terms and Conditions

Exhibit C – Affirmative Marketing Program

Exhibit D – Legal Description of Property

Exhibit E – Form of Subordination Agreement

Exhibit F – Cash Flow Calculation

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Contract Control Number:
Contractor Name:

HOST-202579145-00
BEELER PARK FLATS OWNER LLC

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

SEAL

CITY AND COUNTY OF DENVER:

ATTEST:

By:

APPROVED AS TO FORM:

Attorney for the City and County of Denver

By: _____

REGISTERED AND COUNTERSIGNED:

By: _____

By: _____

Contract Control Number:
Contractor Name:

HOST-202579145-00
BEELER PARK FLATS OWNER LLC

DocuSigned by:

By: George Thorn

372E4929F6FA4F0...

Name:

George Thorn
(please print)

Title:

Manager
(please print)

ATTEST: [if required]

By:

Name:

(please print)

Title:

(please print)

Exhibit A
INTENTIONALLY OMITTED

EXHIBIT B

DISBURSEMENT TERMS AND CONDITIONS

I. Disbursement Request Procedures

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

EXHIBIT B

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

EXHIBIT B

- k. At all times during the construction of the Project, the City shall have the right, but not the obligation, to enter and inspect all work done, and all materials, equipment, and other matters relating to the Project.
 - l. HOST reserves the right, in its sole and absolute discretion, to revise or modify the processes, procedures, and requirements related to the disbursement procedures. HOST will notify Borrower of any such changes to the disbursement procedures.
 - m. The City will not make any Disbursements of loan or grant proceeds to the Borrower for costs or expenses that:
 - i. Are prohibited by Federal or City regulations related to the funding source.
 - ii. Are not requested or otherwise not in accordance with Agreement or the procedures for a Disbursement Request set forth herein.
 - iii. Were requested or incurred, or both, after the termination of the Agreement or outside the time periods set forth in the Agreement.
 - iv. Were requested during the occurrence and continuation of an event of default specified in the Agreement.
- II. Disbursement of Compliance Retainer and Retainage**
- a. *Compliance Retainer.* For the City to release the Compliance Retainer, a Disbursement Request must be submitted along with the following information, as applicable:
 - i. A completed HOST expense certification form.
 - ii. For agreements funded with federal funds, any required federal forms or reports. The City must review and approve any completed federal forms or reports for any federally funded agreement.
 - iii. All documents or items required to be submitted to the City pursuant to the Agreement not previously provided.
 - iv. A certificate of occupancy.
 - v. Current certificates of insurance.
 - vi. Updated title policy with date down endorsement or copy of date down endorsement for senior lender.
 - vii. The Project must pass a HUD standard inspection performed by the City.
 - viii. Lease-up information on all units restricted by the City through the use of City funds or Federal funds, as applicable. The information must include number of bedrooms in the unit, household size, tenant household incomes, date of income certification, tenant paid portion of rent, total lease rent, voucher amounts, voucher type (project based or tenant based), utility allowance amount, lease start and end dates, and demographic data. HOST will review this information to confirm the Project's lease-up is in compliance with the affordability restrictions contained in the Agreement and Rental & Occupancy Covenant.
 - ix. Any other documents required by HOST.

EXHIBIT B

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

III. **Conditions Precedent to All Disbursements**

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

EXHIBIT B

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

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

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

EXHIBIT B

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

V. Audit Requirements

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

EXHIBIT B

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

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

VI. Procurement

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

VII. Bonding

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

VIII. Collection of amounts due

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

EXHIBIT B

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

EXHIBIT C
(Affirmative Marketing)

City and County of Denver
Affirmative Marketing Program

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

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

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

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

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

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

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

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

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

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

Exhibit D

LEGAL DESCRIPTION

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

A PARCEL OF LAND BEING A PORTION OF LOT 1, BLOCK 39, STAPLETON FILING NO. 49 RECORDED AT RECEPTION NO. 2016106705, SITUATED IN THE SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY AND COUNTY OF DENVER, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 1, BLOCK 39;

THENCE SOUTH 00°15'25" EAST ALONG THE WEST LINE OF SAID LOT 1, A DISTANCE OF 115.00 FEET TO SOUTHWEST CORNER OF PARCEL 8 DESCRIBED IN LAND SURVEY PLAT RECORDED JANUARY 24, 2020 AT RECEPTION NO. 2020010221, SAID POINT ALSO BEING ON THE WEST LINE OF SAID LOT 1;

THENCE SOUTH 00°15'25" EAST ALONG SAID WEST LINE, A DISTANCE OF 78.89 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 90°00'00" EAST, A DISTANCE OF 104.65 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT AN ARC LENGTH OF 14.14 FEET, SAID CURVE HAVING A RADIUS OF 9.00 FEET, A CENTRAL ANGLE OF 90°00'00", AND A CHORD WHICH BEARS NORTH 45°00'00" EAST A CHORD DISTANCE OF 12.73 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 18.50 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT AN ARC LENGTH OF 2.36 FEET, SAID CURVE HAVING A RADIUS OF 1.50 FEET, A CENTRAL ANGLE OF 90°00'00", AND A CHORD WHICH BEARS NORTH 45°00'00" WEST A CHORD DISTANCE OF 2.12 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 4.50 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 14.00 FEET;

THENCE NORTH 90°00'00" EAST, A DISTANCE OF 58.50 FEET;

THENCE SOUTH 00°00'00" EAST, A DISTANCE OF 155.97 FEET;

THENCE NORTH 90°00'00" EAST, A DISTANCE OF 74.23 FEET TO THE EAST LINE OF SAID LOT 1 AND A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE PERIMETER OF SAID LOT 1 THE FOLLOWING SIX (6) COURSES:

1. ALONG THE ARC OF SAID CURVE TO THE LEFT AN ARC LENGTH OF 12.19 FEET, SAID CURVE HAVING A RADIUS OF 534.00 FEET, A CENTRAL ANGLE OF

01°18'30", AND A CHORD WHICH BEARS SOUTH 00°23'50" WEST A CHORD DISTANCE OF 12.19 FEET;

2. SOUTH 00°15'25" EAST, A DISTANCE OF 139.30 FEET;
3. SOUTH 16°25'19" WEST, A DISTANCE OF 10.53 FEET;
4. SOUTH 89°29'45" WEST, A DISTANCE OF 230.98 FEET;
5. NORTH 29°30'51" WEST, A DISTANCE OF 11.72 FEET;
6. NORTH 00°15'25" WEST, A DISTANCE OF 266.40 FEET TO THE POINT OF BEGINNING.

Purported address (for information only): 5601 N. CHESTER WAY
DENVER CO 80239

Exhibit E

SUBORDINATION AGREEMENT (City & County of Denver HOST Loan)

THIS SUBORDINATION AGREEMENT (this “Agreement”) dated [INSERT DATE], is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, the present holder of a certain deed of trust, whose address is Department of Housing Stability, 201 W. Colfax Ave., Dept. 615, Denver, Colorado 80202 (the “Junior Lender”) and KeyBank National Association, a national banking association, whose address is 4910 Tiedeman Road, 5th Floor, Mail Code OH-01-51-0570, Brooklyn, Ohio 44144, Attention: Community Development Lending (the “Senior Lender”).

PRELIMINARY STATEMENTS

A. The Junior Lender has made a loan to Beeler Park Flats Owner LLC, a Colorado limited liability company, whose address is 205 Detroit Street, Suite 400, Denver, CO 80206 (the “Borrower”) in the principal amount of \$2,100,000, evidenced by that certain Promissory Note, dated as of [INSERT DATE OF PROMISSORY NOTE], made by the Borrower and payable to the Junior Lender and secured by that certain Deed of Trust (the “Junior Deed of Trust”) made as of [INSERT DATE OF DEED OF TRUST] and recorded on [INSERT RECORDATION DATE] at Reception No. [INSERT RECEPTION NUMBER] of the real property records in the office of the Clerk and Recorder of Denver County, State of Colorado, encumbering the following described property (the “Mortgaged Property”):

SEE LEGAL DESCRIPTION – ATTACHMENT A

B. The Senior Lender has made or will make a loan to Borrower in the principal amount not to exceed \$19,500,000, which loan will be evidenced by a Promissory Note (“Senior Note”) in like amount and secured by a deed of trust (“Senior Deed of Trust”) which will cover and encumber all or part of the Mortgaged Property (the Senior Note together with the Senior Deed of Trust and all other documents evidencing, securing, or executed with the Senior Obligations (defined below) are collectively the “Senior Loan Documents”); and the Senior Deed of Trust is to be recorded in the records of the office of the Clerk and Recorder of Denver County, State of Colorado.

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

AGREEMENT

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

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

"Senior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to the Senior Lender in connection with the Senior Deed of Trust, up to the maximum amount of Nineteen Million Five Hundred Thousand and No/100 Dollars, whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent.

"Junior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to the Junior Lender in connection with the Junior Deed of Trust, whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent, including but not limited to that certain Rental and Occupancy Covenant made by Borrower and recorded in the land records of Denver County, Colorado.

2. Subordination. The Junior Lender hereby agrees that (regardless of any priority otherwise available to the Junior Lender by law or by agreement) any security interest that the Junior Lender might now hold in the Mortgaged Property, is fully subordinate to any security interest that the Senior Lender may now or hereafter hold in the Mortgaged Property up to the maximum amount of Nineteen Million Five Hundred Thousand and No/100 Dollars.

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

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

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

6. No Action. Junior Lender will not commence any action or proceeding with respect to the Mortgaged Property or against the Borrower, will not take possession of, sell or dispose of, or otherwise deal with, the Mortgaged Property, and will not exercise or enforce any other right or

remedy that may be available to the Junior Lender against the Borrower or with respect to the Mortgaged Property upon Borrower's default with respect to the Junior Obligations or Junior Deed of Trust, without the Senior Lender's prior written consent, which shall not be unreasonably withheld or delayed.

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

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

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

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

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

12. Term. This Agreement shall continue until the earliest to occur of the following events: (i) the payment of all principal, interest, and other amounts payable under the Senior Obligations; (ii) the payment of all principal, interest and other amounts payable under the Junior Obligations; (iii) the acquisition by Senior Lender of title to the Mortgaged Property

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

“JUNIOR LENDER”

CITY AND COUNTY OF DENVER, a Colorado
Municipal Corporation

By: _____

Title: _____, Department of Housing
Stability

State of Colorado)
) ss.
County of)

The foregoing instrument was subscribed to and acknowledged before me this ____ day of ____, 202_, by _____ as _____ of the Department of Housing Stability for the City and County of Denver, a municipal corporation of the State of Colorado, for and on behalf of the City.

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

Notary Public

“SENIOR LENDER”

KeyBank National Association, a national banking association

By: _____

Title: _____

State of Colorado)
) ss.
County of)

The foregoing instrument was subscribed to and acknowledged before me this _____ day of _____, 2025, by _____ as _____ of KeyBank National Association, a national banking association, its successors and assigns.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

Acknowledged by BORROWER:

BEELER PARK FLATS OWNER LLC, a Colorado limited liability company

By: _____

Title: _____

ATTACHMENT A

A PARCEL OF LAND BEING A PORTION OF LOT 1, BLOCK 39, STAPLETON FILING NO. 49 RECORDED AT RECEPTION NO. 2016106705, SITUATED IN THE SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY AND COUNTY OF DENVER, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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THENCE NORTH $90^{\circ}00'00''$ EAST, A DISTANCE OF 58.50 FEET;

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4. SOUTH 89°29'45" WEST, A DISTANCE OF 230.98 FEET;
5. NORTH 29°30'51" WEST, A DISTANCE OF 11.72 FEET;
6. NORTH 00°15'25" WEST, A DISTANCE OF 266.40 FEET TO THE POINT OF BEGINNING.

EXHIBIT F

CASH FLOW CALCULATION

The provisions of this Exhibit F are found in the Operating Agreement of Beeler Park Flats Owner LLC dated August __, 2025 (the "Operating Agreement"). Certain capitalized terms used in this Exhibit F have the meanings assigned to them in the Operating Agreement, although certain definitions are included below for convenience. A copy of the fully executed Operating Agreement will be provided to the City after execution. Borrower must provide the City with any amendments to the Operating Agreement.

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

Determination of Cash Flow for Distribution

Prior to the achievement of Stabilized Operations, Cash Flow shall be used to pay Development Costs. In the event that, prior to Stabilized Operations, all Development Costs have been paid and there are Costs Savings, Cash Flow shall be held in the Project operating account and shall be released upon achievement of Stabilized Operations to achieve the following, in the discretion of the Managing Member: (i) reduce any loans made by any Members or Guarantors to the Company in connection with the Project (to an amount that can still fund the Development Note being repaid within the 14th year of the Compliance Period) or return Managing Member Capital Contributions beyond the initial \$100 Capital Contribution, (ii) to reduce the deferred Development Fee, (iii) to reduce the Permanent Loan amount, (iv) to fund an additional Operating Reserve, and (v) to fund capital improvements approved by the Investor Member or Asset Manager. Cash Flow remaining after the payments above and Cash Flow following the achievement of Stabilized Operations, prior to the making of any distributions pursuant to §4.1(b) of the Operating Agreement, shall be paid out in the order and priority set forth below.

Distribution of Cash Flow

Cash Flow determined as provided above shall be distributed in the following order of priority:

- i. First, to the Investor Member and/or the State Investor Member to the extent of any amount to which the Investor Member and/or the State Investor Member is entitled to receive Cash Flow to satisfy any payment required pursuant to §5.10 of the Operating Agreement;
- ii. Second, to repay (on a pro rata basis) any unpaid loans made pursuant to §2.6 of the Operating Agreement;
- iii. Third, to pay accrued Asset Management Fee, if any;
- iv. Fourth, to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount;

- v. Fifth, 100% of the remaining balance of Cash Flow to pay accrued interest and then principal on the Development Note;
- vi. Sixth, 50% of the remaining balance of Cash Flow shall be applied 71.19% to make payments on the HOST Loan until the HOST Loan is paid in full and 28.81% to make payments on the CDOH Loan until the CDOH Loan is paid in full;
- vii. Seventh, to make payments then due under the PILOT Agreement, including deferred amounts and unpaid interest thereon, until the amounts owing are paid in full;
- viii. Eighth, of the remaining balance, 25% shall be deposited into the Property Tax Escrow Account;
- ix. Ninth, to pay the Managing Member Asset Management Fee, including all accrued and unpaid Managing Member Asset Management Fee;
- x. Tenth, to repay (on a pro rata basis) unpaid loans made by the Managing Member, including any Development Advances and amounts advanced pursuant to Section 5.10 of the Operating Agreement, other than those specifically stated in this Section 4.1(a);
- xi. Eleventh, to pay accrued interest and any principal portion of the Loan Shortfall Note then payable as a result of a Loan Shortfall;
- xii. Twelfth, to repay any loan amounts treated as made to the Company by the Managing Member, Developer, or Guarantors pursuant to §5.4(h) of the Operating Agreement and not yet repaid;
- xiii. Thirteenth, until the third year following the end of the Compliance Period, 90% to the Managing Member as a non-cumulative Incentive Management Fee, up to a maximum of 12% of the Project's gross income with any amounts exceeding the maximum to the Managing Member as a distribution;

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

Investor Member	98.98%
State Investor Member	1.00%
Special Member	0.01%
<u>Managing Member</u>	<u>0.01%</u>
Total	100.00%

Defined Terms

“Asset Manager” means KCDC Asset Management LLC or the Investor Member’s designee.

“Asset Management Fee” means an initial payment in the sum of \$11,931 payable during the Construction Period from the First Installment, and an annual payment made to the Asset Manager of \$7,500 beginning in 2027, increasing thereafter at 3.00% per year, payable in advance and accruing to the extent unpaid. The fee will be initially paid out of the First Installment with additional amounts to be paid 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.

“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, Permanent Loan, and any fixed annual payments under the Secondary Loans, or any other loan to the Company (other than the balance of the Secondary Loans or loans to the Company from the Managing Member or the Developer or the Guarantors or any of their respective Affiliates, including pursuant to §2.6, §5.4(h), §5.4(j) or §5.4(m) 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); and (c) 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 Managing Member and the Investor Member shall from time to time agree to establish. Items taken into account in determining 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.

“CDOH Loan” means that certain fourth-priority mortgage loan in the amount of \$850,000 made to the Company by the Colorado Department of Local Affairs through its Division of Housing, which CDOH Loan shall accrue interest at the rate of 2.00% and shall have a term of 240 months, and 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.

“Compliance Period” means, with respect to the Project, the 15 year compliance period specified in §42(i)(1) of the Code.

“Cost Savings” means (i) a permanent reduction in Development Costs from that set forth in the Financial Forecasts without an offsetting reduction in Capital Contributions or proceeds of Project Loans or (ii) a permanent increase in development sources from those set forth in the Financial Forecasts without an offsetting increase in Development Costs. The determination of Cost Savings is subject to the Consent of the Investor Member and shall be released no earlier than the Stabilized Operations Date. If any Cost Savings are realized they shall be applied in the following order: (i) a reduction in the Deferred Development Fee, (ii) a reduction in the Permanent

Loan amount, (iii) to capital improvements reasonably acceptable to the Investor Member, and (iv) the balance, if any, shall be distributed in accordance with §4.1.

“Development Advances” has the meaning set forth in §5.4(f) of the Operating Agreement.

“Development Costs” means all costs (including the Development Fee net of the deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Project or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and equip the Project or cause the same to be equipped, all substantially in accordance with the Project Documents, (iii) repay the Construction Loan in full and arrive at Permanent Mortgage Commencement in substantial conformity with the Project Documents, (iv) discharge all Company liabilities and obligations arising out of any casualty occurring prior to achievement of Stabilized Operations, after giving effect to any available insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by this Agreement or by any Project lender, governmental agency or Company creditor to be made, incurred or funded through achievement of Stabilized Operations (other than operating expenses incurred through achievement of Stabilized Operations and reserves which are to be funded from other sources) and (vi) pay all environmental compliance costs, if any.

“Development Fee” means the aggregate sum of \$2,604,757 payable at the times and upon the conditions set forth in the Development Agreement.

“Development Note” means a promissory note in the form attached hereto as Appendix IV payable to the Developer, in the aggregate principal amount of \$_____, which will represent the balance of the Development Fee not paid through Designated Proceeds (as defined in the Development Agreement), and which Development Note shall accrue interest at the rate of 6% per annum, and shall have a maturity date of the date that is 12-years of after the Placed-In-Service Date.

“HOST Loan” means that third priority mortgage loan in the amount of \$2,100,000 made to the Company by the Department of Housing Stability (HOST) which HOST Loan shall accrue interest at the rate of 1.00% and shall have a term of 240 months, and 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.

“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.

“Loan Shortfall” and “Loan Shortfall Note” have the meanings set forth in §5.4(j) of the Operating Agreement.

“Managing Member” means Beeler Park Flats Manager LLC, a Colorado limited liability company, as manager and member, or any other Person who becomes a successor Managing Member pursuant to §9.1 or §9.3 of the Operating Agreement.

“Managing Member Asset Management Fee” means an annual fee made to the Managing Member, which fee shall accrue annually beginning in 2025 in the amount of \$10,000 per year, increasing at 3% annually, payable from Cash Flow and Net Cash from Sales and Refinancings as

provided in Section 4.1 and Section 4.2, respectively. The Managing Member Asset Management Fee for any partial year shall be pro-rated based upon the number of days in the partial year.

“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 \$315,419.

“Operating Reserve” means the reserve amount of \$315,419 to be funded out of the First and Third Installment of the Investor Member Capital Contribution payment specified in §2.2(a) 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.

“Permanent Loan” means that first-priority loan from the Permanent Lender to the Company in the original principal amount not to exceed \$8,500,000.

“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.

“Project” means the 64 housing units at a site located at 5601 Chester Way, Denver, Colorado 80239.

“Property Tax Escrow Account” means that certain escrow account to be established and maintained by the Partnership pursuant to the terms of the Addendum.

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

“Special Member Asset Management Fee” means a fee payable pursuant to the Special Member Asset Management Agreement in the amount of \$3,200, escalating 10% every five years, beginning on the fifth anniversary of the date the fee becomes payable, as described in the Special Member Asset Management Agreement.

“Stabilized Operations” means, the date on which the Company achieves a 1.15 to 1 Debt Coverage Ratio and 90% occupancy for three (3) consecutive months and is projected to achieve a 1.10 to 1 Debt Coverage Ratio through the Compliance Period. The NOI used to calculate Stabilization will be based on the higher of vacancy as underwritten in the Financial Forecasts or actual vacancy and the higher of underwritten expenses or actual expenses; provided, that based upon the lease-up rate and vacancies during the lease-up period and actual expenses during the lease-up period, the Investor Member shall consider in good faith any request by the Managing Member to use lower assumptions for vacancy and operating expenses. The calculation of the Debt Coverage Ratio for purposes of determining whether Stabilized Operations has occurred shall assume Permanent Loan Commencement has occurred.

“State Investor Member” means Key Community Development Corporation, an Ohio corporation.