

**LOAN AGREEMENT
(HOMELESSNESS RESOLUTION FUND)**

THIS LOAN AGREEMENT is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation organized pursuant to the Constitution of the State of Colorado (“City”), and **REDI CORPORATION**, a Colorado nonprofit corporation, whose address is 1900 Grant Street, Suite 450, Denver, Colorado 80203 (“Borrower”), each individually a “Party” and collectively the “Parties.”

WITNESSETH:

WHEREAS, the Borrower is the sole member of Rhonda’s GP, LLC, a Colorado limited liability company, which is the general partner of Rhonda’s Place, LLLP, a Colorado limited liability limited partnership (the “Owner”); and

WHEREAS, the funds provided to the Borrower pursuant to this Loan Agreement will be loaned by the Borrower to the Owner for the development and construction of a multifamily supportive housing development consisting of fifty (50) dwelling units, of which forty-nine (49) of the units will be affordable rental units and one (1) which will be a manager’s unit (the “Project”); and

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

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

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

1. LOAN TO BORROWER:

A. **Loan to Borrower.** Subject to the terms of this Loan Agreement, the City agrees to lend Borrower the sum of One Million Five Hundred Thousand Dollars and No/100 Dollars (\$1,500,000.00) (the “Loan”). In addition to this Loan Agreement, the Borrower will execute a promissory note in a form satisfactory to the City evidencing this Loan (the “Promissory Note”). The Loan will mature and be due and payable on the sixtieth (60th) anniversary of the Promissory Note (“Maturity Date”), if not paid sooner. The outstanding principal balance of the Loan shall bear simple interest at a rate of 0% per annum until paid in full or forgiven in accordance with the terms hereof. Repayment shall be forgiven by the City on the Maturity Date so long as Borrower is in compliance with the terms and conditions of this Loan

Agreement.

B. **Borrower's Use of Funds.** The Borrower will lend the entirety of the Loan proceeds to the Owner for the development of the Project in accordance with Exhibit A. Borrower's loan to the Owner must be evidenced by a promissory note (the "Owner Note") and secured by a deed of trust on the Property (the "Owner Deed of Trust"). Subject to subsection 1.C., the Borrower must collaterally assign the Owner Note and Owner Deed of Trust to the City as security for the Loan.

C. **Repayment of Borrower's Loan to Owner.**

i. The Borrower may charge interest on the loan from the Borrower to the Owner. Provided there is no default under this Loan Agreement and subject to the terms of this Loan Agreement, Borrower may retain payments made by the Owner to the Borrower pursuant to the Owner Note. The Owner Note will be repaid from, to the extent available, cash flow (as defined in the Owner's Partnership Agreement) until the maturity of the Owner Note, at which time the Owner Note will be unconditionally due and payable in full by the Owner to the Borrower. The cash flow provisions of the Owner's Partnership Agreement shall be subject to the approval of the Executive Director or the Executive Director's designee (the "Executive Director") of the Department of Housing Stability ("HOST"), which such approval shall not be unreasonably withheld or delayed.

ii. Borrower must establish a supportive housing services reserve account at closing (the "Reserve Account") for the purpose of funding future supportive housing service needs beyond year fifteen (15) of the Project's operation. Until such time as the "minimum reserve balance" in the Reserve Account is met, all principal and interest received by Borrower from the Owner pursuant to the Owner Note must be deposited into the Reserve Account. Funds from the Reserve Account can only be used for supportive housing services at the Project. For the purpose of this Loan Agreement, the "minimum reserve balance" shall be Two Million Three Hundred Twenty-Five Thousand Dollars and NO/100 (\$2,325,000.00).

iii. On or before each May 15th during the term of the Owner Note, the Borrower must provide the City with a report or reports in a form satisfactory to the City that demonstrates (i) the principal and interest payments made, if any, by the Owner to the Borrower on the Owner Note and (ii) the balance of and any expenditures from the Reserve Account.

2. **SECURITY:** Repayment of the Promissory Note shall be secured by a collateral assignment of the Owner Note and Owner Deed of Trust in form satisfactory to City (the

“Collateral Assignment”). The Owner Deed of Trust will be granted by the Owner and encumber the real property known and numbered as 203 South Federal Boulevard, Denver, Colorado and legally described as set forth in Exhibit D (the “Property”). Borrower must cause the Owner to execute and record a covenant securing the Property for use as affordable housing as required by Section 6 hereof (the “Covenant”). The Covenant must be in a form approved by the City.

3. SUBORDINATION:

A. **Borrower’s Subordination of Owner Deed of Trust.** Borrower may not subordinate the lien of the Owner Deed of Trust or any of its other security interests, liens, or any other encumbrances granted in connection with its loan to the Owner without the express written approval of the Executive Director or the Executive Director’s designee (the “Executive Director”) of the Department of Housing Stability (“HOST”), excepting the refinancing of existing Permitted Senior Debt (as defined below) previously approved by the Executive Director.

B. **City’s Subordination of Owner Deed of Trust and Covenant.**

i. The Owner Deed of Trust will be in second lien position. Subject to the conditions of this subsection, the City consents to the subordination of the Owner Deed of Trust to liens arising from construction financing and permanent financing. The Executive Director is authorized to execute documents necessary to subordinate the lien of the collaterally assigned Owner 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 Owner Deed of Trust do not exceed Twelve Million Dollars and NO/100 (\$12,000,000.00) under the construction loan or Six Million Dollars and NO/100 (\$6,000,000.00) under the permanent loan (each may be referred to herein as “Permitted Senior Debt”); (iii) Borrower is not then in default of its obligations pursuant to this Loan Agreement, the Promissory Note, the Collateral Assignment, or the Owner Deed of Trust and the Owner is not in default of its obligations pursuant to the Covenant; and (iv) all additional financing for the Project is committed.

ii. The City consents to the subordination of the lien of the Owner Deed of Trust to the Colorado Housing and Finance Authority’s (“CHFA”) land use restriction agreement. The Executive Director is authorized to execute documents necessary to subordinate the collaterally assigned Owner 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 Owner Deed of Trust do not exceed Twelve Million Dollars and NO/100 (\$12,000,000.00) under the construction

loan or Six Million Dollars and NO/100 (\$6,000,000.00) under the permanent loan; and (iii) Borrower is not then in default of its obligations pursuant to this Loan Agreement, the Promissory Note, the Collateral Assignment, or the Owner Deed of Trust and the Owner is not then in default of its obligations pursuant to the Covenant.

C. **Other Documents.** The Executive Director is authorized to execute documents necessary to accomplish the Loan 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 Twelve Million Dollars and NO/100 (\$12,000,000.00) under the construction loan or Six Million Dollars and NO/100 (\$6,000,000.00) under the permanent loan; and (iii) Borrower is not in default of its obligations pursuant to this Loan Agreement, the Promissory Note, the Collateral Assignment, or the Owner Deed of Trust and the Owner is not then in default of its obligations pursuant to 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, in accordance with **Exhibit A**, attached hereto and incorporated herein. The Borrower shall submit to the City requisitions for Loan Proceeds with documentation of incurred costs related to such Loan Proceeds being requested on HOST approved forms, and otherwise comply with the financial administration requirements set forth in **Exhibit B** attached hereto and incorporated herein.

B. Where the City's funds are disbursed for construction, (i) the City shall monitor the construction activities for the purpose of verifying eligible costs, and (ii) the City shall retain ten percent (10%) of each disbursement of funds, which retainage shall be released upon (a) the submittal of an Affirmative Marketing Plan (as defined below); (b) final inspection and approval of the Project by the City; (c) receipt of proof of release of liens from all applicable contractors, subcontractors, and suppliers; and (d) the issuance of a certificate of occupancy.

C. In addition to the retainage specified in subsection B above, HOST shall retain Ten Thousand Dollars and No/100 Dollars (\$10,000.00) of the total funds to be disbursed under this Loan Agreement. This amount shall be released upon receipt from Borrower of all information necessary for the City's reporting requirements.

D. Expenses incurred prior to July 15, 2021 are not eligible for reimbursement.

5. DEADLINE FOR DISBURSEMENT OF FUNDS; REQUIRED DOCUMENTATION:

A. Borrower must satisfy all conditions precedent as set forth in Section 21 of this Loan

Agreement on or before August 17, 2022 (the “Closing Deadline”). Failure to meet this deadline may result in the termination of this Loan Agreement at the Executive Director’s sole discretion. No funds shall be disbursed under this Loan Agreement until such time as (i) all conditions precedent as set forth in Section 21 of this Loan 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 requisition 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. These deadlines may be extended with the written approval of HOST. All cost overruns and/or funding shortfalls shall be the sole responsibility of the Borrower.

C. The Executive Director is authorized to extend or modify any deadlines or schedules (other than repayment deadlines or schedules) set forth herein, provided that the 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. Forty-Nine of the dwelling 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 published by the Colorado Housing and Finance Authority (“CHFA”) or (ii) 30% of the adjusted income of a family whose annual income equals 30% of the median income for the Denver area, as published by CHFA, with adjustments for number of bedrooms in the unit.

ii. One (1) unit at the Property may be used as a manager’s unit.

iii. The 30% Units are referred to herein as the “City Units.” By executing this Loan Agreement, Borrower acknowledges receipt of CHFA’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.

iv. The City shall determine maximum monthly allowances for utilities and services annually in accordance with CHFA requirements. 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 the Borrower.

B. Occupancy/Income Limitations.

i. The 30% Units shall be occupied by tenants whose incomes are at or below

thirty percent (30%) of the median income for the Denver area as published by CHFA, with adjustments for family size.

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

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

BEDROOMS	30% Units	Manager
1 Bedroom	49	1
TOTAL	49	1

D. Accessibility Requirements. Borrower must design and construct five percent (5%) of the City 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 City 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 cause the Owner to execute a covenant in form satisfactory to the City ("Covenant"), setting forth the rental and occupancy limitations described in subsections A and B above, which shall be recorded in the real estate records of the City and County of Denver and which shall constitute a covenant running with the land. The Covenant shall encumber the Property for 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. **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 Loan 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. Fifty percent (50%) of tenants of the Project must be sourced from OneHome, with the remaining tenants being selected pursuant to 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.

8. 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.

9. LEASES: There must be a written lease between the tenants of City 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.

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

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

B. Treatment of Property. Agreement by the tenant that the owner may take,

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

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

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

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

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

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

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

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

11. 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.

12. 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 City Units except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; 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.

13. MANAGEMENT OF PROPERTY: Borrower shall cause the Owner to provide and maintain good and efficient management of the Property satisfactory to the City. Borrower shall cause the Owner to execute and maintain in effect a management agreement for the Project with a qualified manager that has experience with affordable housing. The City shall be notified of any (i) changes to the manager of the Property and (ii) of any significant staffing changes to the manager. Notwithstanding the foregoing, Borrower is permitted to terminate a management agreement for default by the property manager or under the terms of the Owner's Partnership Agreement.

14. ASSET MANAGER.

A. Borrower shall retain or cause the Owner to retain an asset manager ("Asset Manager") for the term of this Loan Agreement. An Asset Manager must be under contract by the Closing Deadline with the asset management services to begin at least three (3) months prior to the lease-up period. The Asset Manager shall have relevant experience, training, or both, in real estate asset management. For the purpose of this Loan Agreement, "real estate asset management" shall include, but not be limited to: cash flow projections, regulatory compliance, restructuring non-performing loans, oversight of property management companies, affordable housing compliance, management of capital needs and funding of those needs, year 15 investor exit, and repayment or management of City loans.

B. Any agreement or amendment to an agreement with an Asset Manager must be provided to the City within fifteen (15) days.

C. In the event an agreement with an Asset Manager terminates or otherwise expires, Borrower shall retain or cause the Owner to retain a replacement Asset Manager within one hundred twenty (120) days of termination or expiration of the agreement.

D. In the event that the City reasonably believes that an Asset Manager has failed to substantially fulfil its obligations under an agreement, the City shall deliver specific objections of such failure(s) to the Borrower. Borrower shall have ninety (90) days to cure such specific objections to the reasonable satisfaction of HOST. Should Borrower fail to cure any objections provided by the City, the sole remedy of the City shall be the ability to require Borrower to secure a replacement

Asset Manager. If the replacement Asset Manager fails to cure the City's objections within sixty (60) days of being retained, the City may require Borrower to hire an Asset Manager to Borrower's staff.

E. If the Borrower or the Owner reasonably demonstrates to HOST that an Asset Manager is not required, HOST, in its sole discretion and with the written approval of the Executive Director, may waive the requirement that an Asset Manager be retained for the remaining term of the Loan Agreement.

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

A. Examination of Records: The Borrower agrees that the City, or any of its duly authorized representatives shall, until the expiration of five (5) years after the expiration of the affordability period set forth in Section 6, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Borrower or the Owner involving transactions related to this Loan Agreement. Borrower must also require its contractors and subcontractors and the Owner to allow access to such records when requested. The records maintained by Borrower and the Owner shall include, without limitation, (i) records evidencing the income of each family occupying a City Unit, and (ii) a copy of the lease pursuant to which each City Unit is occupied.

B. 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 City Units to verify compliance with affordability requirements in Section 6 and other requirements of this Loan Agreement; (3) data on evictions, terminations of tenancies, or tenancies not renewed for individuals residing in City 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 City Units. The report required by subsection (2) of this Section 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 Loan Agreement.

C. Access and Inspections. For the purposes of assuring compliance with the Loan 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 Loan Agreement.

16. FINANCIAL STATEMENTS: Borrower must furnish to the City annually, within ninety (90) days following the end of each calendar year, financial statements of the Borrower audited by an independent certified public accountant, which must include an annual balance sheet and profit and loss statement of the 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, the Borrower shall not: (i) sell, convey, assign, or otherwise transfer any ownership interest Borrower has in the Owner; or (ii) sell, convey, assign, or otherwise transfer any interest in the Borrower; or (iii) change the control or management of the Borrower. Notwithstanding the foregoing, the transfer of a limited partnership interest in the Owner shall not constitute a default under any of the loan documents, and any such actions shall not accelerate the maturity of the Loan. Further notwithstanding the foregoing, the removal and replacement of the general partner of Owner as permitted in the Partnership Agreement of owner shall not require the Consent of the City, but only if the replacement general partner of Owner is the limited partner of Owner or an affiliate thereof. Any subsequent replacement of the general partner of Owner shall require the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed, provided the replacement general partner has affordable housing experience and otherwise meets the City's reasonable approval standards being applied at such time.

18. CAPITAL NEEDS ASSESSMENT: During the term of the Covenant, the 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. For purposes of this Section 19 and any applicability of 24 C.F.R. 92.251, the City shall be considered to be the “participating jurisdiction” and shall not require any additional approvals or submissions to HUD not otherwise required under the Project’s financing.

20. LEAD-BASED PAINT HAZARDS: Housing funded, in part, by funds provided through this Loan Agreement shall be subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.), 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 Loan Agreement, the following conditions must be satisfied at prior to the Closing Deadline:

A. **Environmental Reports.** The Borrower must provide the City with a Phase I Environmental Site Assessment (“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-built 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 nonprofit corporation 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 Loan 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 Incorporation, bylaws, a certificate of good standing, and, if a nonprofit corporation, a tax-exempt determination letter from the Internal Revenue Service and a list of board members.

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

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

G. **Promissory Note; Collateral Assignment of Note and Deed of Trust; Covenant.** Borrower must execute and deliver to the closing agent the Promissory Note and Collateral Assignment. Borrower must cause the Owner to execute and record the Covenant and Owner Deed of Trust.

H. **Evidence of Financing.** Borrower must provide such information and documentation sufficient to satisfy the City, in the City's sole discretion, that the 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 Loan Agreement.

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

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

24. INSURANCE: Borrower, Owner, or their respective contractor(s), as may be applicable, 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's contractor under Colorado law.

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

E. Certificates of Insurance evidencing the above shall be submitted 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 Loan Agreement ("Claims"), unless and until such Claims have been specifically determined by the trier of fact to be due to the negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify the 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 misconduct of the 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 Loan Agreement shall in no way lessen or limit the liability of the Borrower under the terms of this indemnification obligation. The 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 Loan Agreement.

26. DEFAULT AND ACCELERATION:

A. Default. The occurrence of any of the following events shall constitute a default by the Borrower:

1. Any breach of this Loan Agreement, the Promissory Note, the Owner Deed of Trust, the Collateral Assignment, the SH Contract (as defined below), or the Owner's breach of the Covenant;

2. Any warranty, representation, or statement made or furnished to the City by or on behalf of Borrower in connection with this Loan Agreement proves to have been false in any material respect when made or furnished;

3. Borrower becomes delinquent to the City Loan or on any other contractual or tax obligations as due to the City by Owner or the Project;

4. Borrower fails to comply with any rule, regulation or provision referred to in the Loan Agreement;

5. Borrower fails to maintain a cash balance that is sufficient to cover sixty (60) days of Borrower's operating expenses; and

6. Borrower is generally unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors; or the 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 the Borrower, and such appointment continues undischarged for a period of ninety (90) days; or the 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 the Borrower; or the Borrower terminates or dissolves.

B. Cure Period. Upon a default, the City shall give written notice of the default to Borrower and other persons entitled to notice of a default pursuant to this Loan Agreement. After Borrower's receipt of the written notice, Borrower or a person on behalf of Borrower (including without limitation the limited partner of Owner) shall have ten (10) calendar days to cure any monetary default and thirty (30) calendar days to cure any nonmonetary default or such longer period as is reasonably necessary provided that cure is commenced within such 30-day period (collectively, the "Cure Period"). If a nonmonetary default is not a type which can be cured within the Cure Period, the City, at its reasonable discretion, may extend the cure period if the Borrower provides the City with a reasonably detailed written plan of how the Borrower will cure the nonmonetary default and the Borrower, at all times within such additional time period, actively and diligently pursues such plan. For purposes of this Loan 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 Loan Agreement, Covenant, Deed of Trust, or Promissory Note, other than the obligation to make payments provided for in the Promissory note or Loan documents. Any limited partner shall have the right, but not the obligation, to cure on behalf of Borrower. The City agrees to accept cure by Owner's limited partner as if such cure were made by Borrower.

C. Acceleration; Interest Upon Default; and Withholding Disbursements. Upon the existence of a default and the failure to cure within the Cure Period, and without necessity of further notice, presentment, demand, protest, or notice of protest of any kind, all of which are expressly waived by the Borrower, the City shall have the right to accelerate any outstanding obligations of the Borrower, which shall be immediately due and payable, including payments under the Promissory Note, to foreclose upon the Property, and to enforce or assign its rights under the Deed of Trust. Upon default 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 Loan 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 the 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 Loan Agreement must be hand delivered, sent by overnight courier service, mailed by certified mail, return receipt requested, or mailed via United States mail, postage prepaid, if to Borrower at the address:

Redi Corporation
Attn: David Murphy
1900 Grant Street, Suite 540
Denver, Colorado 80203

With a copy to:

Winthrop & Weinstine, P.A.
Attn: Jon Peterson
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402

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

c/o Red Stone Equity Partners, LLC
1100 Superior Avenue, Suite 1640
Cleveland, OH 44114
Attention: General Counsel

with a copy to:

Affordable Housing Fund I Colorado LLC
c/o Sugar Creek Capital
17 West Lockwood Avenue
St. Louis, MO 63119
Attention: Legal Dept.

and a copy to:

Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, IL 60605
Attn: Bennett P. Applegate

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 Loan Agreement will be resolved by administrative hearing pursuant to the procedure established by D.R.M.C. § 56-106(b)-(f). For the purposes of that administrative procedure, the City official rendering a final determination shall be the Executive Director.

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

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

31. PUBLICATIONS/ANNOUNCEMENTS: All 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 the 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 Loan Agreement shall be

held to be a waiver of any other or later breach or default. All remedies afforded in this Loan Agreement shall be construed as cumulative, in addition to every other remedy provided herein or by law.

34. DURATION/BINDING EFFECT: This Loan 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 Loan Agreement may be executed in multiple counterparts, each of which, when executed and delivered, shall be deemed to be an original and, taken together, shall constitute one and the same instrument.

36. SUPPORTIVE HOUSING CONTRACT: Borrower has or will enter into a supportive housing contract with the City (the “SH Contract”). Borrower acknowledges and agrees that compliance with the terms and conditions of the SH Contract shall be a condition of this Loan Agreement. Any breach or default under the terms and conditions of the SH Contract shall constitute a breach of this Loan Agreement and may be treated as a default of this Loan Agreement.

37. HOUSING ASSISTANCE PAYMENTS CONTRACT: Borrower has or will enter into a housing assistance payments (“HAP”) contract with the Denver Housing Authority, State Division of Housing, or another entity that administers HAP contracts so that rental units at the Project may receive project-based voucher payments in accordance with the provisions of 24 C.F.R. Part 983. The City acknowledges that the HAP contract is vital for the financial viability of the Project. If the HAP contract applicable to the Project expires, is terminated, is not renewed, or the financial terms otherwise change, the City agrees that HOST will, in good faith, engage in discussions to renegotiate the affordability provisions contained in this Loan Agreement. Any changes or amendments to the affordability provisions will not be effective or binding on the City until an amendment to this Loan Agreement has been fully executed by all required signatories of the City, and if required by Charter, approved by the City Council.

38. RECOURSE LOAN: In the event of a default of this Loan Agreement, the Loan shall be fully recourse to the Borrower. Notwithstanding the foregoing, the Loan shall be forgiven in accordance with Section 1 so long as Borrower is in compliance with the terms and conditions of this Loan Agreement.

39. NO DISCRIMINATION IN EMPLOYMENT: In connection with the

performance of work under this Loan Agreement, the Borrower agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, ethnicity, citizenship, immigration status, gender, age, sexual orientation, gender identity or gender expression, marital status, source of income, military status, protective hairstyle, or disability. The Borrower further agrees to insert the foregoing provision in all subcontracts.

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

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

List of Exhibits to Loan Agreement

Exhibit A – Project Timeline and Costs

Exhibit B – HOST Financial Administration Requirements

Exhibit C – Affirmative Marketing Program

Exhibit D – Legal Description of Property

Exhibit E – Form of Subordination Agreement

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Contract Control Number: HOST-202160196-0
Contractor Name: REDI CORPORATION

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

SEAL

CITY AND COUNTY OF DENVER:

ATTEST:

By:

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

Attorney for the City and County of Denver

By:

By:

By:

Contract Control Number:
Contractor Name:

HOST-202160196-0
REDI CORPORATION

By: 

Name: DAVID MURPHY
(please print)

Title: Executive Director
(please print)

ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)