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**FINANCING AGREEMENT**

by and among

**CITY OF COLORADO SPRINGS, COLORADO,**

**FIRSTBANK,**  
a Colorado state banking corporation

and

**PALOMA GARDEN VOA SENIOR HOUSING LLLP,**  
a Colorado limited liability limited partnership

Dated [\_\_\_\_\_ 20\_\_]

Relating to

Not to Exceed \$[PAR]  
City of Colorado Springs, Colorado  
Multifamily Housing Revenue Bonds  
(Paloma Garden Project)  
Series 2022

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## FINANCING AGREEMENT

**THIS FINANCING AGREEMENT** (this “Agreement”), dated [\_\_\_\_, 20\_\_], is by and among the **CITY OF COLORADO SPRINGS, COLORADO** (the “Issuer”), a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State of Colorado (the “State”) and the home rule charter of the City of Colorado Springs, Colorado (the “Charter”), **FIRSTBANK**, a Colorado corporation (the “Bank”), as the Registered Owner and assignee, or any successor in interest, and **PALOMA GARDEN VOA SENIOR HOUSING LLLP**, a Colorado limited liability limited partnership (the “Borrower”).

### WITNESSETH:

WHEREAS, the Issuer is a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State and the Charter; and

WHEREAS, the Issuer is authorized by the County and Municipality Development Revenue Bond Act, constituting Article 3, Title 29, Colorado Revised Statutes, as amended (the “Act”); the Colorado Supplemental Public Securities Act, constituting Article 57, Title 11, Section 201 et seq., Colorado Revised Statutes, as amended (the “Supplemental Act”), and the Charter to finance and refinance one or more projects (which includes any land, building or other improvement and all real and personal properties) to the end that residential facilities for low- and middle-income persons or families may be provided which promote the public health, welfare, safety, convenience and prosperity; and

WHEREAS, the Issuer, the Bank and the Borrower each have full power and authority to enter into this Agreement; and

WHEREAS, pursuant to an authorizing ordinance (the “Ordinance”), dated [\_\_\_\_\_, 20\_\_], the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (Paloma Garden Project), Series 2022 in the principal amount of not to exceed \$[PAR] (the “Bonds”), the proceeds of which are to be used to fund a loan to the Borrower in the principal amount of \$[PAR] (the “Loan”) in order (a) to finance a portion of the cost of the acquisition, construction, improvement and equipping of a 127-unit senior multifamily housing project located at 920 South Chelton Road and 3140 Mallard Drive, Colorado Springs, Colorado 80910, to be known as Paloma Garden (the “Facility”); (b) to fund certain reserve funds, if any; and (c) to pay certain costs of issuance of the Bonds (collectively, the “Project”); and

WHEREAS, the Borrower desires to borrow funds to finance the Project and to pay such costs of issuance upon the terms and conditions in this Agreement set forth below; and

WHEREAS, the Bank has agreed to purchase and to pay the purchase price of such Bonds pursuant to and in accordance with this Agreement; and

WHEREAS, the Bank, as assignee of the Note (as defined hereafter) will (a) collect amounts from the Borrower, (b) apply such amounts to the payment of the principal and interest due on the Bonds, and (c) supply the Issuer with periodic statements regarding such transactions; and

WHEREAS, the Bonds and Note will be secured by (a) an assignment of the Revenues (as defined below) and funds payable by the Borrower under the Note and the Issuer's interest in this Agreement; (b) the Mortgage (as defined hereafter); and (c) as otherwise set forth in the other Security as described in Section I.F. of Exhibit A hereto (collectively, the "Security"), but excluding the Unassigned Rights (as defined hereafter); and

WHEREAS, the parties hereto desire to confirm the underlying financial transactions between the Bank and the Borrower, and in particular that in the event of a default under the Loan or this Agreement beyond any applicable notice or cure period, the Bonds and the Note would be accelerated and the Bank would have the right to exercise any of its rights or remedies under the Loan or the Security, in full satisfaction of the Bonds; and

WHEREAS, simultaneously with the issuance of the Bonds and the making of the Loan hereunder, the Bank and the Borrower are entering into a Loan Agreement (as defined hereafter), pursuant to which the Borrower provides certain representations, warranties, covenants and agreements directly for the benefit of the Bank;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

**Section 1.01. Definitions.** Capitalized words and terms as used in this Agreement shall have the following meanings, unless otherwise defined in Exhibit A hereto:

"*Act*" means County and Municipality Development Revenue Bond Act, constituting Article 3, Title 29, Colorado Revised Statutes, as amended.

"*Act of Bankruptcy of Borrower*" means notice to the Issuer of the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower, under any applicable bankruptcy, insolvency or similar law now or hereafter in effect which has not been dismissed within 90 days of such filing.

"*Agreement*" has the meaning given in the Preamble, and as amended and supplemented from time to time.

"*Bond Counsel*" means an attorney at law or a firm of attorneys, designated by the Issuer, of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"*Bonds*" or "*Bond*" has the meaning given to such term in the Recitals hereto.

"*Borrower*" has the meaning given to such term in the Preamble and its successors and assigns.

“*Borrower Representative*” means the person or persons at the time designated by the Borrower to act on behalf of the Borrower in the Loan Agreement and/or by a written certificate furnished to the Issuer and the Bank containing the specimen signatures of such person or persons and signed on behalf of the Borrower by one of the Borrower’s officers. Such certificate may designate an alternate or alternates.

“*Business Day*” means a day other than a Saturday, a Sunday or a day on which banks in (a) the city in which the principal office of the Bank from which the Loan is serviced from time to time is located, or (b) Colorado are authorized or obligated by law or executive order to close.

“*Charter*” means the home rule charter of the City of Colorado Springs, Colorado (the “Charter”)

“*Closing Date*” means the date of initial issuance and delivery of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended to the Closing Date, and the Regulations thereunder or any successor to the Internal Revenue Code of 1986. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section.

“*Collateral*” means, collectively, the Facility and all other property and assets of the Borrower in which a lien or security interest is granted by the Borrower to the Bank under the Security and hereunder.

“*Conditions to Conversion*” means the “Conditions to Conversion” of the Loan from a construction loan to a permanent loan as defined and set forth in the Loan Agreement.

“*Conversion Date*” shall have the meaning given to such term in the Loan Agreement.

“*Default*” means any occurrence described in Section 6.01 hereof.

“*Default Rate*” means the Interest Rate plus twelve percent (12%) per annum.

“*Determination of Taxability*” means and shall be deemed to have occurred on the first of the following: (a) the occurrence of any action that, in the reasonable judgment of the Bank, in reliance on the advice of Bond Counsel, will adversely affect the tax-exempt status of the Bonds; (b) the failure to take any action that, in the reasonable judgment of the Bank, in reliance on the advice of Bond Counsel, is necessary to preserve the exemption from income taxation of interest on the Bonds; (c) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest on the Bonds is includable for federal income tax purposes in the gross incomes of the recipients thereof (other than interest on any Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code); or (d) the enactment of federal legislation that would cause the interest on the Bonds to be includable for federal income tax purposes in the gross incomes of the recipients thereof. A judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for

judicial review has been filed (and is pending) and the time for filing such appeal or action has expired.

“*Environmental Indemnity Agreement*” means the Environmental Indemnity Agreement dated the Closing Date, executed by the Borrower in favor of the Bank.

“*Equity Investor*” means, initially, Wincopin Circle LLLP, a Maryland limited liability limited partnership, including, without limitation, Enterprise Neighborhood Impact Fund III, LLC, a Maryland limited liability company, and any assignee of its interest.

“*Facility*” means the land and/or improvements located on the site described in Section III. C. of Exhibit A hereof as more fully described in Section III. B. of Exhibit A hereof.

“*General Partner*” means the general partner of the Borrower, which initially will be Paloma Garden SH GP LLC.

“*Guarantor*,” means Volunteers of America National Services, a Minnesota nonprofit corporation.

“*Guaranty*” means, collectively, that certain Carve-Out Guaranty, Unconditional Guaranty and Completion Guaranty, each dated the date hereof, from the Guarantor for the benefit of the Bank, as each may be amended, modified, supplemented or restated from time to time.

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law; or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 *et seq.*, and their state analogs.

“*Indebtedness*” of any referenced person means any and all obligations of the referenced person (1) for borrowed money, however evidenced, including without limitation borrowed money

evidenced by any promissory note, bond, debenture, or other similar written obligation to pay money; (2) for the deferred purchase price of any asset, property, or service; (3) under any agreement made for the purpose of hedging or swapping any rate of interest, currency or commodity, or any similar arrangement; (4) in respect of any letter of credit; (5) as lessee under leases that have been capitalized or should be capitalized under GAAP; (6) under any guaranty or similar credit support obligation relating to Indebtedness of another person; and (7) otherwise treated as long-term debt under GAAP; in each case, whether matured or un-matured, direct or contingent. Notwithstanding the foregoing, the term “*Indebtedness*” does not include any trade liability from the purchase of goods or services in the ordinary course of business and treated as a current accounts payable under GAAP.

“*Interest Payment Date*” means (a) the first day of each month, commencing on the date specified in Section I. I. of Exhibit A; (b) any other date on which principal of, premium, if any, and interest on the Bonds is due and payable, whether at maturity, prior redemption, acceleration or otherwise; or (c) any other date on which principal of, premium, if any, and interest on the Note is due and payable, whether at maturity, prepayment, acceleration or otherwise.

“*Interest Rate*” means the rate or rates on the Bonds specified in Section I. E. of Exhibit A hereto.

“*Issuance Cost*” means all costs and expenses of issuance of the Bonds, including the payment by the Borrower of the amount set forth in Section III. E. of Exhibit A hereto to pay part of the costs of issuance of the Bonds, which amounts may be payable from proceeds of the Bonds or from other sources. Issuance Costs payable from proceeds of the Bonds may not exceed 2% of the proceeds of the Bonds.

“*Issuer*” means the City of Colorado Springs, Colorado a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State and the Charter.

“*Issuer’s Closing Fee*” means \$[40 basis points]. The Issuer’s Closing Fee is payable to the Issuer on the Closing Date.

“*Issuer’s Fees and Expenses*” means all reasonable fees and expenses, if any, payable to or incurred by the Issuer under or in connection with the Bonds or any of the other Loan Documents, and including but not limited to any reasonable fees of counsel to the Issuer.

“*Loan*” means the loan originated by the Issuer from the proceeds of the Bonds to the Borrower and assigned to the Bank pursuant to this Agreement in the aggregate Principal Amount of \$[PAR] plus interest at the Interest Rate specified in Section II. D. of Exhibit A hereto for the purpose of financing the acquisition, construction, improvement and equipping of the Facility made in accordance with the terms of the Loan Agreement.

“*Loan Acceleration Default*” means any occurrence described in Section 6.02 hereof.

“*Loan Agreement*” means the Construction Loan Agreement, dated the Closing Date, by and between the Borrower and the Bank.



“*Loan Documents*” means this Agreement, the Tax Certificate, the Tax Credit Regulatory Agreement, the Regulatory Agreement, the Note, the Loan Agreement, the Mortgage, the Environmental Indemnity Agreement, the Guaranty and all other documents and instruments executed by the Borrower or the Guarantor in connection with the Loan and the Security.

“*Material Adverse Effect*” means any material and adverse effect, whether individually or in the aggregate, upon (a) the assets, business, cash flow, expenses, income, liabilities, operations, properties, or condition, financial or otherwise, of the Borrower that materially and adversely impacts the ability of the Borrower to pay or perform its obligations as set forth herein or in the Loan Documents; and (b) the perfection or priority of any security interest, lien, or encumbrance in any Collateral purported to be created by any Loan Document.

“*Mortgage*” means the Deed of Trust, Security Agreement, and Fixture Filing encumbering the Facility and certain other property and assets of the Borrower as set forth therein, dated as of the Closing Date, granted by the Borrower, as grantor, to the Public Trustee of El Paso County, Colorado, for the benefit of the Bank, as it may be amended, modified, supplemented or restated from time to time.

“*Note*” means the Promissory Note, dated the Closing Date, made by the Borrower, evidencing its payment obligations on the Loan and assigned to the Bank pursuant to the Allonge attached thereto.

“*Ordinance*” has the meaning given to such term in the Recitals hereto.

“*Outstanding*” means, when used as of any particular time with reference to the Bonds, the initial principal amount of the Bonds less any payments of such principal previously received by the Bank.

“*Partnership Agreement*” means that certain Amended and Restated Agreement of Limited Partnership, dated as of [\_\_\_\_\_] 1, 20\_\_], by and between Paloma Garden SH GP LLC, a Colorado limited liability company, as managing general partner; the Equity Investor, as investor limited partner; and VOANS Preservation and Development Holding Corporation, as administrative general partner.

and Paloma Garden VOA Senior Housing LLLP, as the borrower.]

“*Person*” includes, unless the context requires, any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust company, trust, unincorporated organization or government or agency or political subdivision thereof.

“*Plans and Specifications*” means the plans and specifications for the construction of the Facility, together with any amendments thereto, in each case as reasonably approved by the Bank.

“*Premium*” or “*premium*” means a prepayment premium on the Bonds or the Note, as applicable, in the same amount or amounts, and payable at the same time or times, as the [Prepayment Premium] (as defined in the Note).

“*Principal Amount*” means the maximum principal amount of the Bonds and the Loan which has been funded by the Bank to the Borrower under the terms of this Agreement and the Bonds.

“*Project*” has the meaning given to such term in the Recitals hereto.

“*Project Costs*” means, to the extent authorized by the Code and the Act, any and all costs, including financing costs, incurred by the Borrower with respect to the construction, rehabilitation, improvement, equipping and placing in service, as the case may be, of the Facility, including, without limitation, costs for site preparation, the acquisition of real property and of tangible personal property, the removal or demolition of existing structures, and all costs of financing the Bonds, including, without limitation, the cost of consulting, accounting and legal services, payment of principal of and interest on a construction loan, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisors’ fees and costs directly allocable to the Project, insurance premiums, costs of surveys and appraisals, administrative and other expenses necessary or incident to the development and the financing thereof, and the costs according the Budget (as defined in the Loan Agreement) and other related costs, but excluding Issuance Costs.

“*Qualified Project Costs*” means Project Costs, at least 95% of which represent costs of a “residential rental project” (within the meaning of Section 1.103-8(b)(2) of the Regulations), including “functionally related and subordinate facilities” (within the meaning of Section 1.103-8(b)(4)(iii) of the Regulations).

“*Rebate Amount*” means the amount, if any, determined to be payable with respect to the Bonds by the Borrower to the United States of America in accordance with Section 5.04 hereof and Section 148(f) of the Code.

“*Rebate Analyst*” means an accounting firm or law firm or such other firm with knowledge or experience with respect to the provisions of the Code Section 148(f) that is appointed by the Borrower to determine the Rebate Amount.

“*Regulatory Agreement*” means the Tax Regulatory Agreement of even date herewith among the Issuer, the Borrower and the Bank, as purchaser of the Bonds, required to be executed, delivered and recorded with respect to the Project, as the same may be amended from time to time in accordance with the provisions thereof.

“*Reserves*” means the Replacement Reserve Account (as defined in Loan Agreement) and any other reserves required pursuant to the Loan Agreement.

“*Revenues*” means all moneys paid or payable by Borrower under the Note, or other legally available revenues of the Borrower, including without limitation payment and prepayments of the Note, proceeds of insurance or condemnation awards, rents and other charges payable by or on behalf of users of the Facility and other income derived by Borrower from the operation of the Facility, and all gifts, donations, pledges, grants, capital contributions that are not used to repair or replace the Facility and proceeds of Transfers pursuant to Section 5.03(b) hereof, which reduce the principal balance of the Note.

“*Security*” means the security, collateral, pledges or security interest in favor of the Bank and securing the Loan and payment of the Bonds or any other of Borrower’s obligations under this Agreement, as specified in Section I. F. of Exhibit A hereto together with all other current and future collateral for the Loan, the Bonds and Borrower’s obligations under this Agreement.

“*Subordinate Debt*” shall mean, the Subordinate Loans as defined and described in the Loan Agreement.

“*State*” means the State of Colorado.

“*Supplemental Act*” means the Supplemental Public Securities Act, constituting Part 2, Article 57 of Title 11, Colorado Revised Statutes, as amended.

“*Taxable Rate*” means [\_\_\_\_\_] %.

“*Tax Certificate*” means the Federal Tax Exemption Certificate dated the Closing Date executed by the Borrower and the Issuer.

“*Tax Credit Regulatory Agreement*” means the Low Income Housing Tax Credit Extended Use Agreement pursuant to Code Section 42(h)(6) with respect to the Federal low income housing tax credits available to the Facility, which agreement will be entered into after completion of construction, improvement and equipping of the Facility.

“*Transfer(s)*” means the sale, transfer, lease, encumbrance or other conveyance of title to ownership of or an interest in the Facility or any portion thereof, including to a “related person” pursuant to the provisions of Section 267 or 707(b) or under Section 1563(a) of the Code.

“*Transferee*” means the Person to whom the Borrower Transfers the Facility or any portion thereof.

“*Unassigned Rights*” means, collectively, (a) all rights that the Issuer or its officers, officials, agents or employees may have under this Agreement to indemnification by the Bank, the Borrower, and by any other person, including but not limited to the indemnifications provided for in Section 5.08 hereof; (b) all rights that the Issuer or its officers, officials, agents or employees may have under this Agreement to payments of fees or reimbursements for expenses (including attorneys’ fees) incurred by the Issuer itself, or its officers, officials, agents or employees, including but not limited to its rights to payment under Section 4.03(b), (c) and (e) hereof; (c) all rights of the Issuer to give and receive notices, reports or other information, make determinations and grant approvals hereunder and to inspect and audit the books, records and premises of the Borrower and of the Project; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower and the Bank hereunder or pertaining in any manner or way, directly or indirectly to the requirements of the Act, the Supplemental Act, the Charter or any requirements imposed by the Issuer with respect to the Project or the Bonds, or necessary to assure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any other certificate or agreement executed by the Borrower or the Bank; (e) all rights of the Issuer in connection with any amendment to or modification of this Agreement with respect to the Unassigned Rights; (f) all rights of the Issuer to enforce notice and reporting requirements

and restrictions on transfer of ownership of the Facility and the Bonds; and (g) all enforcement remedies with respect to the foregoing.

**Section 1.02. Interpretation.** Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. Any reference herein to the Issuer or to any officer, employee or official thereof includes entities, officers, employees or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

**Section 1.03. Recitals, Titles and Headings.** The terms and phrases used in the recitals of this Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Agreement shall be determined by references to Section 1.01 hereof. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect, in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

**Section 1.04. Exhibits.** All exhibits to this Agreement, including but not limited to any additional terms or provisions contained therein, are hereby incorporated into this Agreement. In the event of any conflict between the provisions of Article I through VII hereof and of said exhibits, the terms and provisions of said exhibits shall control.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.01. Representations of the Issuer.** The Issuer represents as follows:

(a) The Issuer is a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State and the Charter.

(b) The Issuer has lawful power and authority under the laws of the State, including, without limitation, the Act, the Supplemental Act and the Charter, acting through its governing body, to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder, including but not limited to lending the proceeds of the sale of the Bonds to the Borrower to finance the Project, and to enter into and perform its obligations under this Agreement, the Regulatory Agreement and the Bonds.

(c) The Issuer has duly adopted the Ordinance, and the Ordinance has not been terminated, rescinded, canceled, revoked, vacated, amended, supplemented or otherwise modified since the date of its adoption and is and has been since the date of its adoption in full force and effect.

(d) Pursuant to the Ordinance, the Issuer hereby finds that the financing of the Project is in the public interest and will fulfill the purpose of financing and refinancing one or more projects (which includes any land, building or other improvement and all real and personal properties) to the end that residential facilities for low- and middle-income persons or families may be provided which promote the public health, welfare, safety, convenience and prosperity.

(e) The Issuer has duly authorized the execution and delivery of this Agreement, the Bonds, and the Regulatory Agreement, has duly executed and delivered this Agreement, the Bonds and the Regulatory Agreement, and, assuming due authorization, execution and delivery by the other parties thereto, this Agreement, the Bonds and the Regulatory Agreement are the valid, legal and binding obligations of the Issuer enforceable in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity and judicial discretion.

(f) To the Issuer's knowledge, the performance and the consummation of the transactions on the part of the Issuer contemplated in this Agreement and the compliance by the Issuer with the terms, conditions and provisions of this Agreement, the Bonds and the Regulatory Agreement do not conflict with, or constitute on the part of the Issuer a violation of, breach of or default under (i) the Act; (ii) any order, rule or regulation applicable to the Issuer; (iii) any agreement or instrument to which the Issuer is a party or by which the Issuer is bound; or (iv) any court order or consent decree to which the Issuer is subject.

(g) To the Issuer's knowledge, no litigation at law or in equity or administrative action of any nature has been served on the Issuer and is now pending which materially adversely affects (i) the authority of the Issuer to accept or perform the duties and obligations of the Issuer under this Agreement, the Bonds and the Regulatory Agreement; (ii) the Issuer's ability to fulfill its duties and obligations under this Agreement, the Bonds and the Regulatory Agreement; (iii) the validity or enforceability of this Agreement, the Bonds, Note or any Loan Document to which the Issuer is a party; or (v) the tax-exempt status of interest on the Bonds.

(h) To the Issuer's knowledge, neither the execution and delivery of this Agreement or the Bonds, the consummation of the transactions contemplated hereby or thereby nor the fulfillment of or compliance with the terms and conditions of this Agreement or the Bonds conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement.

(i) Consistent with the understanding between the Issuer, the Borrower and the Bank, the Issuer will loan to the Borrower the proceeds of the Bonds to provide for the financing of the Project.

(j) Except as herein provided, the Issuer makes no other representations, either expressly or impliedly, as to the Project or the financing thereof. THE ISSUER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF, INCLUDING, WITHOUT LIMITATION, THE HABITABILITY THEREOF; THE MERCHANTABILITY OR FITNESS OR SUITABILITY THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY OR CAPACITY THEREOF; LATENT DEFECTS THEREIN; OR THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS. THE ISSUER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

**Section 2.02. Representations, Warranties and Covenants of the Borrower.** The Borrower represents, as of the date hereof and as of the date of each request for disbursement pursuant to the Loan Agreement, and warrants and covenants that:

(a) The Borrower is a Colorado limited liability limited partnership and is qualified to transact business in the State of Colorado.

(b) The Borrower has the limited partnership power and authority to carry on its operations as now conducted and to enter into and to perform and observe the covenants and agreements on its part contained in this Agreement and all other Loan Documents to which the Borrower is a party, and by proper limited partnership action the Borrower has duly authorized the execution and delivery of this Agreement and all other Loan Documents and each Loan Document has been, or when executed and delivered by Borrower or will be duly executed and delivered by the Borrower. No consent, approval, or authorization of any person other than the Borrower is required as a condition precedent, concurrent, or subsequent to the due and valid execution, delivery, and performance of the Borrower of this Agreement or any of the other Loan Documents to which Borrower is a party except as has been obtained or made and is in full force and effect.

(c) To the knowledge of Borrower, none of the execution and delivery of this Agreement or any of the other Loan Documents, the consummation of the transactions contemplated hereby and thereby, or the fulfillment of or compliance with the terms and conditions of this Agreement or any other Loan Documents violates any law or conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the

Collateral under the terms of any instrument or agreement, other than this Agreement and the other Loan Documents.

(d) No conditions exist, to the knowledge of Borrower, that would prevent Borrower from fully complying with the conditions and provisions of this Agreement within the time limits of this Agreement.

(e) The total budgeted cost of the Project being financed with proceeds of the Bonds is as shown in Section III. D. of Exhibit A hereto, and the financing and refinancing of such cost by the Issuer with the proceeds of the Bonds will assist the Borrower in providing residential facilities for low- and middle-income persons or families which promote public health, welfare, safety, convenience and prosperity.

(f) The Borrower shall operate or cause the Facility to be operated to the expiration of the term of this Agreement as residential facilities for low- and middle-income persons or families which promote public health, welfare, safety, convenience and prosperity within the meaning of the Act and has lawful authority to operate the Facility for such purpose.

(g) None of the Borrower nor, to the knowledge of the Borrower, any other person has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under or at the Facility or any part thereof, or transported to or from in violation of applicable Hazardous Materials Laws. The Borrower hereby represents and warrants to the Bank that all Hazardous Materials generated or utilized by the Borrower at the Facility, if any, were handled, stored, transported and disposed of in accordance with applicable Hazardous Materials Laws. The Borrower hereby further represents and warrants to the Bank, and agrees, that the Borrower will not generate, utilize, handle, store, transport or dispose of any Hazardous Material at the Facility in violation of any Hazardous Materials Laws, except for cleaning and other products used in connection with the routine operation, maintenance or repair of the Facility, all in full compliance with Hazardous Materials Laws and will not knowingly permit any lessee on the Facility to use, store, manufacture, generate, transport to or from, or dispose of any Hazardous Materials on or in connection with any property or the business on any property in violation of applicable Hazardous Materials Laws (“toxic substances,” “Hazardous Materials,” and “hazardous waste” shall be such substances, materials and wastes which are or become regulated under applicable Hazardous Materials Laws or which are classified as hazardous or toxic under applicable Hazardous Materials Laws). To the Borrower’s knowledge, all required environmental impact statements as required by any governmental agency having jurisdiction over the Facility or the construction of the improvements to the Facility have been duly filed and approved, or a negative declaration has been issued.

(h) There are no actions, suits or proceedings or investigations, at law or in equity, or before or by any governmental authority, pending or, to the knowledge of the Borrower, threatened, (i) involving the Bonds, this Agreement or any other Loan Document (including the intended validity, enforceability, or priority of the liens and security interests as set forth therein), or the Collateral; or (ii) otherwise against the Borrower or any of each of their property or assets, except, with regard to this clause (ii),

actions which, if adversely determined, could not reasonably be expected to have a Material Adverse Effect. The Borrower is not in default under any mortgage, deed of trust, lease, loan or credit agreement, partnership agreement or other agreement or instrument to which each party is a party or by which any of their properties or assets are bound.

(i) The Facility consists of the facility comprising the Project and owned by the Borrower, and the Facility consists of the real property described in Section III. D. of Exhibit A hereto as more fully described in Section III. B. of Exhibit A hereof. No changes shall be made in the Facility which have a Material Adverse Effect on the use of the Facility as residential facilities for low- and middle-income persons or families which promote public health, welfare, safety, convenience and prosperity within the meaning of the Act.

(j) The Facility will be utilized and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental, and other regulations of all governmental authorities having jurisdiction over the Facility, and Borrower has not and will not transfer, assign, convey, hypothecate or encumber any of the air rights pertaining to the Facility.

(k) The Facility will not be used exclusively or predominantly for religious worship or sectarian instruction (other than the academic or comparative study of various religions or religious philosophies) for the term of the Bonds.

(l) Concurrent with the delivery hereof, the Borrower will execute and deliver those Loan Documents to which it is a party in form and content previously agreed to between the Bank and the Borrower.

(m) Except for the Bonds and the Subordinate Debt, upon issuance and delivery of the Bonds, the Borrower will have no other Indebtedness outstanding other than trade payables in the ordinary course of business and subordinate, unsecured loans made by the General Partner pursuant to the requirements of the Partnership Agreement. The Borrower covenants that it will incur Indebtedness of any kind only in accordance with the provisions of Section 5.12 of this Agreement.

(n) This Agreement and all other Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights, and except to the extent specific remedies may generally be limited by equitable principles.

(o) Borrower has good and marketable fee simple interest in the Facility, free and clear of all security interests and liens, other than the Subordinate Debt, or as permitted by the Mortgage, and the Borrower has not executed any security documents or financing statements other than relating to the Subordinate Debt, relating to the Collateral that are outstanding in favor of anyone other than the Issuer or the Bank. The Borrower enjoys the peaceable and undisturbed possession of all real and personal property which is material to their operation.



(p) The Borrower is conducting its businesses and operations, and otherwise possesses and uses the Facility, in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, orders, determinations and court decisions, including, without limitation, Hazardous Materials Laws (except in each case to the extent that non-compliance could not reasonably be expected to have a Material Adverse Effect), and the Borrower has no known material contingent liability in connection with the release into the environment, disposal or the improper storage of any Hazardous Material. The Borrower's execution, delivery, and performance of the Loan Documents will not, to the Borrower's knowledge, violate any federal, state or local laws, statutes, ordinances, rules, regulations, orders, determinations or court decisions applicable to the Borrower or the Facility.

(q) The Borrower has not (i) entered into any security agreements; (ii) granted a security interest; or (iii) permitted the filing or attachment of any security interests, on or affecting the Facility or the other Collateral; except, for the Subordinate Debt, in each case, for those being terminated and/or released in conjunction with the closing of the transactions contemplated hereby or as disclosed to and approved by the Bank in writing. Except as disclosed in writing to the Bank, Borrower has not used, or authorized the filing of a financing statement under, any other name for at least the last six years.

(r) All information heretofore or contemporaneously herewith furnished by the Borrower to the Bank for the purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all information hereafter furnished by or on behalf of the Borrower to the Bank will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading. Projections contained in any such materials have been made by the Borrower in good faith and based on the best information available to the Borrower. The Borrower agrees to promptly update any information previously provided to the Bank in the event that such information is no longer true or correct in any material respect or otherwise becomes incomplete or misleading in any material respect based on then-current facts and circumstances.

(s) To Borrower's knowledge, the Plans and Specifications and construction and installation of the improvements pursuant thereto and the use of the Facility contemplated thereby comply with all applicable laws and all permits and approvals issued thereunder, affecting the Project, the sale, operation, leasing or financing of the Facility and the intended occupancy, use and enjoyment of the Facility, including, but not limited to, applicable subdivision laws, licenses and permits, building codes, zoning ordinances, flood disaster, environmental protection and equal employment regulations and appropriate supervising boards of fire underwriters and similar agencies. Borrower shall not seek, make or consent to any change in the zoning, conditions of use, or any other applicable land use permits, approvals or regulations pertaining to the Facility, or any portion thereof, which would constitute a violation of the warranties and representations herein contained, or would otherwise impair the ability of Borrower or any other Person to complete construction of any improvements constituting the Facility, or would have a Material Adverse Effect on the Facility.

(t) The Borrower understands and agrees that the Bank, without independent investigation, is relying upon the above representations and warranties, and such other representations and warranties as set forth in any of the other Loan Documents, in entering into this Agreement, in purchasing the Bonds, and in effecting the Loan.

(u) Neither the Loan Documents nor any document, certificate or statement (including but not limited to information and estimates with respect to the Facility or the financing thereof) furnished to the Bank, the Issuer or Bond Counsel by or on behalf of the Borrower, contains to the knowledge of the Borrower any untrue statement of a material fact by Borrower or omits to state a material fact with respect to the Borrower or the Project necessary in order to make the statements contained herein and therein not misleading or incomplete as of the date hereof and as of the Closing Date. It is specifically understood by the Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to effectuate the Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made or as of the Closing Date, the Issuer may consider any such misrepresentation or breach a Loan Acceleration Default.

(v) To the knowledge of the Borrower, except as contemplated by the Loan Documents and the Regulatory Agreement, the Borrower is not a party to any agreement or instrument or subject to any restriction that would have a Material Adverse Effect on the Borrower or the Project, or the Borrower's business, Facility operations or condition, financial or otherwise. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which it or the Project is bound which default would have a Material Adverse Effect.

(w) Notwithstanding any provision to the contrary contained in the Partnership Agreement or any other organizational documents, as applicable and except as permitted by law, the Borrower shall admit, treat and/or serve individuals, as applicable, in the Facility without regard to race, sex, national origin, disability, age or religious belief and shall respect, permit and not interfere with the religious beliefs of persons using the Facility. Except to the extent permitted by the constitutions, statutes and laws of the United States and the State, the Borrower further agrees that it will not use or permit the use of the Facility as a place of religious worship or sectarian instruction.

(x) The acquisition, construction, rehabilitation, improvement, equipping and placing in service, ownership and/or operation of the Facility are not inconsistent with the Borrower's organizational documents.

(y) Any statements regarding the Project or Borrower set forth in a certificate signed by a Borrower Representative and delivered pursuant to this Agreement shall be deemed a representation and warranty by the Borrower as to such statements.

(z) The Borrower has filed or caused to be filed all federal, state and local tax returns or information returns which are required to be filed with respect to the Facility on or before the date hereof and of which Borrower has knowledge, and has paid or caused to

be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due and payable other than those payable without penalty or interest other than those presently being or to be contested by the Borrower in good faith in accordance with Section 4.03(a) hereof.

**Section 2.03. Representations and Warranties of the Bank.** The Bank makes the following representations and warranties:

- (a) The Bank is a banking institution described in II. H. of Exhibit A hereto.
- (b) The Bank has all power and authority necessary (i) to execute and deliver this Agreement, the Loan Agreement and the investor letter substantially in the form of Exhibit C hereto; (ii) to perform its obligations under this Agreement and the Loan Agreement; and (iii) to consummate the transactions contemplated by this Agreement and the Loan Agreement.
- (c) All fees charged by the Bank in connection with the origination of the Loan are no more than those which are reasonable and customary for the Bank to charge in connection with similar loans not financed through the issuance of tax-exempt bonds.
- (d) Any certificate signed by a representative of the Bank and delivered pursuant to and concurrently with this Agreement shall be deemed a representation of the Bank as to the statements made therein.
- (e) The Bank represents that it is purchasing the Bonds for its own account and not for reoffering to the public. In connection with its purchase of the Bonds, the Bank agrees to deliver to the Issuer an investor letter substantially in the form of Exhibit C hereto. In the event the Bank transfers Bonds, it shall be transferred in whole and not in part; subsequent purchasers shall deliver investor letters to the Issuer substantially in the form of Exhibit C hereto. In the event of a transfer of the Bonds (or any beneficial interest therein), by the Bank other than in accordance with the provisions herein and the securities laws of the United States, the Bank agrees to indemnify the Issuer against any liability, cost and expense (including attorneys' fees) that may result therefrom.

### ARTICLE III

#### ISSUANCE OF THE BONDS

**Section 3.01. Issuance and Sale of the Bonds.** In order to provide funds to make the Loan, the Issuer will issue the Bonds and sell and deliver them to the Bank on the Closing Date. The Bonds shall be issued in the form of a draw-down bond, as further described in Section 3.03 below and which shall be disbursed as advances to the Construction Draw Account (as defined in the Loan Agreement) pursuant to this Agreement and the Loan Agreement. The Issuer agrees to finance the Project by making the Loan to the Borrower from the proceeds of the Bonds. The proceeds of the initial advance of the Bonds shall be delivered to the title company on the Closing Date or deposited in the Construction Draw Account and, in both cases, applied to the costs of the Project.

**Section 3.02. Delivery of the Bonds and Closing of the Loan.** The delivery of the Bonds and the closing of the Loan shall not occur until the following conditions are met:

(a) The original executed Loan Documents are delivered by the Borrower in accordance with the requirements thereunder.

(b) The Issuer and the Bank shall have received (i) copies of resolutions of the Borrower authorizing all actions taken or to be taken in connection with each of the Loan Documents, if applicable; (ii) certified copies of the Borrower's formation documents; and (iii) an opinion of Counsel to the Borrower reasonably acceptable to the Issuer, Bond Counsel and the Bank.

(c) The Issuer and the Bank shall have received the additional documents specified in Section IV. A. of Exhibit A hereto, if any, and such other documents as they may reasonably require.

(d) The Issuer shall have executed and delivered to the Bank an endorsement of the Note to repay the obligations of the Issuer under the Bonds.

(e) No Loan Acceleration Default nor any event which with the passage of time or the giving of notice would constitute a Loan Acceleration Default under the Loan Documents shall have occurred.

(f) All legal matters incident to the transactions contemplated by the Loan Documents shall be concluded to the reasonable satisfaction of Bond Counsel and counsel for the Borrower.

(g) The Regulatory Agreement shall have been recorded, which shall be an encumbrance on the Project senior to the Bank's Security.

(h) Bond Counsel shall have delivered to the Issuer, addressed to the Bank or with a reliance letter to the Bank, an opinion with respect to the tax-exempt status of the interest on the Bonds.

(i) The Bank shall be satisfied that all conditions in the Loan Documents have been met.

**Section 3.03. Terms of the Bonds; Draw-Down Bonds.** The Bonds shall be issued as fully registered bonds in the maximum Principal Amount of \$[PAR], bear interest on the principal amount Outstanding at the Interest Rate (calculated on the basis of a 360-day year and the actual number of days elapsed that principal is outstanding) and contain such terms as are described in Section I of Exhibit A hereto and shall be payable in accordance with the terms set forth therein. The Bonds shall be in the form contained in Exhibit B hereto and shall not be subject to a book entry system. Payments of principal of, premium, if any, and interest on the Bonds shall be made to the Bank, as the Registered Owner of the Bonds. The Bonds shall be issued as a single draw-down bond with an initial principal draw on the Closing Date in the amount of \$[INITIAL DRAW] upon payment by the Bank of a purchase price equal to the principal amount of such draw. Subsequent draws on the Bonds shall be funded in accordance with the terms and conditions set

forth in the Loan Agreement relating to subsequent advances on the Loan; provided, however, that the aggregate amount of all principal draws on the Bonds shall not exceed \$[PAR]. The purchase price for each draw on the Bonds shall be paid by the Bank in immediately available funds.

Principal of, premium, if any, and interest on the Bonds shall be payable only from the Revenues. The Issuer hereby directs the Bank as assignee of the Note to pay to the Bank, as the Registered Owner, when due and payable principal of, premium, if any, and interest on the Bonds from the Revenues. Upon receipt of payment in full of the outstanding principal balance of the Bonds, the Registered Owner of the Bonds on the date of redemption shall immediately deliver the Bonds to the Issuer for cancellation.

The Issuer hereby agrees to assign to the Bank, as the Registered Owner, but only as security for payment of amounts payable on the Bonds, the Note and the Mortgage. The Bank and the Issuer agree that the Issuer shall have no responsibility for the perfection of the Bank's security interest in the Note and the Security.

For purposes of determining the use of proceed of the Bonds, all of the proceeds of the Bonds shall be allocated solely to the expenditure of eligible costs (constituting capital costs properly chargeable to capital of the property or costs that would be so chargeable as capital costs with a proper election under federal tax principles) of qualified facilities under Section 142(d) of the Code), including the acquisition price of the land. This allocation constitutes the final allocation of the proceeds of the Bonds to expenditures for purposes of Treasury Regulation 1.148-6(d) unless otherwise directed by the Borrower with the approval of Bond Counsel.

#### **Section 3.04. Redemption of the Bonds.**

(a) ***Mandatory Redemption.*** The Bonds are subject to redemption at a price equal to the outstanding principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, plus premium, if any, as follows:

(i) in whole, upon the receipt by all parties of a Notice of Loan Acceleration Default hereunder;

(ii) in whole or in part, upon the occurrence of events described in Sections 4.05(a) and 4.09(b) of this Agreement, if all or part of any insurance or condemnation proceeds will not be used to repair or replace the Facility or to reimburse the Borrower therefor, in a principal amount equal to the proceeds not used for such repair or replacement;

(iii) in part, in a principal amount sufficient to achieve an Outstanding principal balance on the Bonds which satisfies the Conditions to Conversion, in connection with a partial prepayment of the Note in accordance with Sections 4.02(a) and 4.05(b) hereof; or

(iv) in part, in connection with a payment of principal on the Loan as provided for in the Note and in accordance with Section 4.02(b) hereof.

(b) **Optional Redemption.** The Bonds are subject to redemption, in whole or in part, upon and in the amount of the prepayment of the Note in accordance with Section 4.05(c) hereof, on any day permitted under the Note and for which notice of such prepayment is given in accordance with Section 3.04(c) hereof, at a price equal to the outstanding principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption plus premium, if any, as specified in the Note and any prepayment fee or penalty that might be applicable under the terms hereof and the Loan Documents.

(c) **Notice.** The Borrower shall give written notice to the Bank and the Issuer of redemption of the Bonds pursuant to Sections 3.04(a)(i), (ii), (iii), and (iv) not less than five Business Days prior to the date set for redemption, specifying the reason for the redemption, the date set for redemption and the principal amount of the Bonds to be redeemed. If notice of prepayment of the Note shall be given pursuant to Section 4.05 hereof, such notice shall be deemed to constitute notice of redemption of the Bonds pursuant to Section 3.04(a)(ii) and (iii) or 3.04(b) hereof, as applicable, and the parties hereto waive any further notice of redemption pursuant to Section 3.04(a)(ii) and (iii) or 3.04(b).

(d) **Miscellaneous.**

(i) If the Bonds are redeemed pursuant to Section 3.04(a)(i) hereof, payment of the redemption price shall be deemed made by the Issuer's absolute assignment to the Bank of all right, title and interest of the Issuer in the Note and the Security. In the event of any other redemption of the Bonds, payment of the redemption price shall be made with Revenues.

(ii) Upon payment of the redemption price in accordance with this Section, the Bonds (or portion thereof so redeemed) shall cease to bear interest from and after the date on which the redemption price is paid. If the Bonds are redeemed in part, the reduction in Principal Amount of Outstanding Bonds shall be noted on the records of the Registered Owner of the Bonds and no replacement bonds shall be required. If the Bonds are redeemed in whole, the Registered Owner of the Bonds on the date of redemption shall immediately cancel the Bonds and notify the Issuer of such redemption in whole and the cancellation of the Bonds.

### **Section 3.05. Registration and Transfer.**

(a) The Issuer shall maintain the registration book containing the name and address of the Registered Owner of the Bonds.

(b) The Bank hereby acknowledges that the Issuer has agreed to sell the Bonds to the Bank, enter into this Agreement and consummate the transactions hereunder only upon the Bank's agreeing that it will only sell, assign or transfer the Bonds or any interest therein, or any interest in the proceeds thereof as described in this Section 3.05 or with the Issuer's prior written consent, which consent shall not be unreasonably withheld if the

transfer is within the Issuer's policy for the transfer of unrated, non-credit enhanced bonds, and the Bank so agrees.

(c) The Bank hereby agrees that in the event the Bank transfers the Bonds: (i) the Bonds shall be subject to transfer in whole and not in part; (ii) subsequent purchasers shall deliver investor letters to the Issuer substantially in the form of Exhibit C hereto; and (iii) in the event of a transfer of the Bonds (or any beneficial interest therein), by the Bank other than in accordance with the provisions herein and the securities laws of the United States, the Bank agrees to indemnify the Issuer against any liability, cost and expense (including attorneys' fees) that may result therefrom. Any transferee of the Bonds must assume writing the obligations of the Bank hereunder and under the Loan Agreement, including the obligation to fund additional draws under the Loan as provided herein and in the Loan Agreement.

(d) The Issuer hereby approves the assignment or transfer of the Bonds in whole to an entity succeeding or resulting from a merger or acquisition of the Bank.

(e) All costs and fees associated with the transfer and re-registration of such Bonds, if any, will be paid by the transferor of such Bonds.

**Section 3.06. Limitation on Liability of Issuer.** The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from Revenues. The Bank hereby acknowledges that the Issuer's sole source of moneys to pay principal of, premium, if any, or interest on the Bonds will be provided by such Revenues.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED HEREUNDER (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THIS AGREEMENT. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE ISSUER, THE COUNTY OF EL PASO, COLORADO (THE "COUNTY"), ANY PUBLIC AGENCY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE ISSUER, THE COUNTY, ANY PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR PAYMENT OF THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS, ASSETS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THIS AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS). THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO THE LOAN, THE BONDS, OR HEREUNDER, SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE ISSUER, THE COUNTY, ANY

PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

No agreements or provisions contained herein nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the Revenues and other funds and moneys and security pledged and assigned hereunder (excluding the Unassigned Rights). No failure of the Issuer to comply with any term, covenant, or agreement contained in the Bonds, this Agreement, or in any document executed by the Issuer in connection with the Project or the delivery of the Bonds, shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the Revenues and other funds and moneys and security pledged and assigned hereunder (excluding the Unassigned Rights). No provision, covenant or agreement, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness or multiple fiscal-year obligation of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against its general credit. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Agreement.

NO RECOURSE SHALL BE HAD TO THE ISSUER IN SATISFACTION OF ANY AMOUNTS DUE OR LIABILITIES INCURRED PURSUANT TO THE ISSUER'S ISSUANCE OF THE BONDS AND RELATED ACTIONS, INACTIONS OR TRANSACTIONS, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR THE EXECUTION OF THIS AGREEMENT AND THE ISSUANCE OF THE BONDS.

**Section 3.07. No Warranty.** The obligation of the Issuer hereunder to issue the Bonds to provide funds to finance the Project does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Issuer as to the feasibility or viability of the Facility or the financing or refinancing thereof, and may not be relied on as such by the Borrower, the Bank or any tenant, lender or other Person, for any reason.

**Section 3.08. No Individual Liability.** No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any past, present or future City Council member, commissioner, officer, official, counsel, attorney, financial advisor, director, trustee, official, employee or agent of the Issuer in their individual capacity, and no recourse shall be had for the payment of the principal of, or premium, if any, or interest on, the Bonds or for any claim based thereon or upon any obligation, provision, covenant or agreement contained in this Agreement against any past, present or future City Council member, commissioner, officer, official, counsel, attorney, financial advisor, director, trustee, official, employee or agent of the Issuer, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such City Council member, commissioner, officer, official, counsel, attorney, financial advisor, director, trustee, official, employee or agent



as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Agreement and the delivery of the Bonds. Neither the City Council members, commissioners, officers, officials, counsel, attorneys, financial advisors, directors, trustees, officials, employees or agents of the Issuer nor any person executing the Bonds or this Agreement shall be liable personally on the Bonds or under this Agreement or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Agreement.

**Section 3.09. Supplemental Public Securities Act Provisions.** Section 11-57-204 of the Supplemental Act provides that a public entity, including the Issuer, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. Pursuant to the Ordinance, the Issuer has elected to apply all of the provisions of the Supplemental Act to the Bonds and has assigned the Revenues and the Note to payments of the Bonds pursuant to the Supplemental Act.

## ARTICLE IV

### THE LOAN

**Section 4.01. Amount, Source and Funding of Loan.** The Issuer hereby makes the Loan to the Borrower, on the terms and subject to the conditions set forth in this Agreement and the Loan Documents, and the Borrower hereby (a) accepts the Loan from the Issuer, upon the terms and conditions set forth in this Agreement and the Loan Documents; (b) agrees to execute and deliver the Note and Mortgage simultaneously with the execution of this Agreement; and (c) agrees to have the proceeds of the Loan applied and disbursed in accordance with this Agreement and the other Loan Documents. The Loan shall be deemed made when the Bank acknowledges receipt of the Bonds, upon satisfaction of the conditions specified in Section 3.02 hereof and upon the delivery of the initial purchase price of the Bonds. The Loan shall be initially funded on the Closing Date and in periodic draws thereafter, subject to and as provided herein and in the Loan Agreement. To the extent there is an inconsistency between the terms of the Note and the terms of this Agreement, the terms of this Agreement shall prevail; provided, however, that all rights and remedies of the Bank and the Issuer, and all obligations of the Borrower, in each case as set forth in this Agreement and the other Loan Documents are cumulative and not exclusive and the failure to set forth any thereof in more than one Loan Document shall not be deemed an inconsistency.

The Issuer shall assign without recourse or warranty the Note to the Bank, which shall accept such assignment, and the Borrower pledges all Security to the Bank as collateral for the Note, the Bonds and the obligations of the Borrower in this Agreement and the Loan Agreement. The Borrower hereby consents to the Issuer's assignment of the Note, but excluding the Unassigned Rights. The Bank shall file financing statements and other documents as it deems necessary or desirable to perfect its security interests, and the Borrower hereby consents to all such filings.

#### **Section 4.02. Loan Repayment.**

(a) On or before the Conversion Date, the Borrower shall pay, in repayment of the Loan, to the Bank as assignee of the Note an amount equal to the principal and interest due on the Bonds in accordance with Section 3.04(a)(iii) hereof.

(b) On each Interest Payment Date, the Borrower shall pay, in repayment of the Loan, until such principal of, premium, if any, and interest on the Note shall have been paid in full as provided in the Note, an amount which will equal the sum of (i) the interest on the Note which is due on such Interest Payment Date; and (ii) the principal of and premium, if any, on the Note due on such Interest Payment Date.

(c) The Issuer hereby directs the Bank, as assignee of the Note, to apply such amounts paid pursuant to Section 4.02(a) and 4.02(b) to pay principal of, premium, if any, and interest on the Bonds, and the Bank and Borrower hereby agree that the application of such amounts to payments due on the Bonds in accordance with Sections 3.03 and 3.04 hereof shall reduce the amount owing on the Note. Payments made on the Bonds shall be deemed to be made on the same date and in the same amount on the Note.

**Section 4.03. Additional Payments.** In addition to the payments of principal and interest on the Loan, the Borrower shall make the following additional payments:

(a) all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, if applicable, concerning or in any way related to the Facility, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Borrower reserves the right to contest in good faith the legality or amount of any tax or governmental charge concerning or in any way related to the Facility to the extent permitted by the Mortgage;

(b) to the Issuer, the Issuer's Closing Fee and the Issuer's Fees and Expenses, which amounts shall remain valid and in effect notwithstanding repayment of the Loan hereunder or termination of this Agreement;

(c) forthwith upon prior written consent of the Issuer (i) the costs incurred by the Borrower for the calculation of the Rebate Amount, and (ii) any amounts required to be paid to the United States of America as the Rebate Amount;

(d) such additional fees as may be required if the monitoring of the Regulatory Agreement is required;

(e) all fees of the State of Colorado Department of Local Affairs that relate to the Bonds' private activity bond volume cap allocation, and such fees shall be payable on the Closing Date;

(f) all fees, costs and other amounts required by the Loan Agreement and other Loan Documents; and

(g) any amounts payable to the Issuer but not paid in accordance with this Section 4.03 shall bear interest at the Default Rate.

**Section 4.04. Nature of the Borrower's Obligations.** The Borrower shall repay the Loan and make the additional payments pursuant to the terms of Sections 4.02 and 4.03 of this Agreement and the Note, irrespective of any rights of setoff, recoupment or counterclaim it might have against the Issuer, the Bank or any other Person; provided, that any such payment shall not constitute a waiver by the Borrower of any claim for recoupment or of any counterclaim. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the acquisition, construction, improvement, equipping and placing in service or operation of the Facility; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Loan or the Facility; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) the termination of this Agreement or any of the other Loan Documents; (vi) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vii) any failure of the Issuer to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Note; it being the intention of the parties that, as long as the Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Loan and provide such moneys shall continue in all events. This Section 4.04 shall not be construed to release the Issuer from any of its obligations hereunder, or, except as provided in this Section 4.04, to prevent or restrict the Borrower from asserting any rights which it may have against the Issuer or the Bank under this Agreement, or under any provision of law, or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Issuer or the Bank or taking any other action to protect or secure its rights.

Prior to the Conversion Date, except as otherwise provided in this Agreement, any obligations of the Borrower under this Agreement shall be fully recourse to the Borrower and the Guarantor. On or after the Conversion Date, except as otherwise provided in this Agreement, any obligations of the Borrower under this Agreement shall be nonrecourse to the Borrower. Nothing herein shall be deemed to be a waiver of any right which the Issuer, the Bank or the Registered Owner of the Bonds may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to the Issuer, the Bank or the Registered Owners of the Bonds under this Agreement, the Bonds and the Regulatory Agreement or to require that all collateral shall continue to secure the amounts due thereunder. Nothing in the foregoing shall amend, modify or expand the obligations of the Borrower to the Bank under the Loan Documents and the Loan Documents shall control solely as to the relative rights and obligations between the Borrower and the Bank as to the Loan.

**Section 4.05. Prepayment of Note.**

(a) The Note shall be prepaid in whole or in part, in the principal amount equal to any insurance or condemnation proceeds received by the Bank not used for repair or replacement or applied to other amounts secured by the Mortgage, plus accrued interest

thereon to the date of prepayment, plus premium, if any, upon no less than five Business Days written notice to all parties of the determination of the Bank or the Borrower, as set forth in the Mortgage, if applicable, that all or part of such insurance or condemnation proceeds will not be used to repair or replace the Facility (or to reimburse the Borrower therefor) or applied to other amounts secured by the Mortgage.

(b) The Note, upon no less than five days written notice to the Bank and the Issuer, shall be prepaid in part, in accordance with its terms, at a price equal to the principal amount sufficient to achieve an outstanding principal Loan balance, which satisfies the Conditions to Conversion, plus accrued interest thereon to the date fixed for prepayment.

(c) The Note shall be prepaid in whole or in part, in accordance with its terms, at a price equal to the principal amount of the Note to be prepaid plus premium, if any (determined in accordance with the Note or Mortgage, as applicable), and accrued interest to the date fixed for such prepayment, upon no less than 30 days' prior written notice to the Issuer and the Bank, as follows: (i) on any day permitted under the terms of the Note, if the Borrower in its sole discretion and to the extent permitted by the Note or the Mortgage, if applicable, shall choose to prepay all or a portion of the Note; or (ii) concurrently with the Transfer, if the Borrower shall Transfer all or a portion of the Facility pursuant to Section 5.03(b) hereof.

(d) In the event of a partial prepayment of the Note, the principal amount of the Borrower's obligation under the Note shall be reduced by the principal amount of the Note prepaid, and such prepayment shall correspondingly reduce the principal balance of the Bonds, provided, however, the payments of interest and principal shall not be re-amortized.

(e) Notwithstanding anything in this Agreement to the contrary, to the extent the Loan Agreement and/or the Note provides for the payment of a prepayment fee or penalty in connection with any prepayment of the Note, the Borrower shall be obligated hereunder to pay such prepayment fee or penalty in the amount provided for under the terms of the Loan Agreement and/or the Note at the time of such prepayment.

(f) Each notice of prepayment required by this Section 4.05 shall state the date set for prepayment, the principal to be prepaid on the Note and the reason for prepayment. Such notice also shall state that the Bonds shall be redeemed, in whole or in part, in a principal amount equal to the amount of the prepayment of the Note, on the date set for such prepayment.

#### **Section 4.06. Reporting Requirements.**

(a) The Bank as assignee of the Loan shall apply all payments thereon to repayments of the Bonds. The Bank shall have full power and authority to do any and all things in connection with being an assignee which it may deem necessary or desirable, and will exercise at least the same degree of care with respect to the Loan that the Bank exercises with respect to loans for which it is not the assignee.

(b) Upon request, but no more frequently than quarterly, the Bank will deliver to the Issuer a report, in form and content approved in advance by the Issuer, showing the

amount of interest and principal paid to the Bank on the Note and the outstanding principal amount of the Bonds. The Bank will notify the Issuer as soon as practicable if the Borrower has failed to make a payment due under the Note.

(c) Pursuant to this Agreement, the Issuer assigns all rights in the Loan and this Agreement to the Bank except the Unassigned Rights. The Issuer shall have no obligation to service the Loan on behalf of the Bank or to enforce any remedies against the Borrower, it being understood among the parties that the Bank is the direct assignee of the Note and, except for the Unassigned Rights, has all rights and responsibility of collection and enforcement thereunder.

(d) The Bank shall take such action, at the expense of the Borrower, with respect to the execution and filing of any financing statements and continuation statements as are necessary to perfect and maintain the perfection of the liens on personal property granted in the Mortgage and to preserve and protect fully the security of the Bank or other owners of the Bonds and the rights of the Bank hereunder and under any of the other aforesaid instruments.

(e) The Bank covenants that so long as the Bonds shall be unpaid, the Bank will keep proper books or records and accounts, in which full, true, and correct entries will be made of all interest and principal paid to the Bank on the Note, the outstanding Principal Amount of the Bonds and any other payments derived from the Loan Agreement, this Agreement, the Note and the Security. Upon reasonable notice and at reasonable times during the Bank's regular business hours and under reasonable regulations established by the Bank, such books shall be open to the inspection of the Borrower or the Issuer, and such accountants or other agencies as the Borrower or the Issuer may from time to time designate in writing to the Bank.

#### **Section 4.07. Additional Covenants and Rights Under Loan Agreement.**

(a) As one of the Conditions to Conversion, Borrower shall achieve a Debt Service Coverage Ratio (as defined in the Loan Agreement) in compliance with the Loan Agreement.

(b) Borrower shall maintain all of its banking, including all operating and reserve accounts with the Bank.

(c) The Loan Agreement sets forth covenants and obligations of the Bank and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate with the Bank in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and other Loan Documents and Security at the expense of the Borrower. The Issuer and the Borrower agree that the Bank may enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement in their respective names and on behalf of the owners of the Bonds, whether or not the Issuer has undertaken to enforce such rights and obligations.

**Section 4.08. Rights Under Security.** As repayment of the Bonds and all the Issuer's obligations under this Agreement, the Issuer hereby assigns, conveys, transfers, and sets over and delivers to the Bank all of the Issuer's right, title and interest in, to and under the Loan, Loan Documents, and this Agreement, except for the Unassigned Rights. The Issuer hereby absolutely assigns to the Bank all of the Issuer's rights to receive payments of principal under the Loan, the Revenues, late fees, interest at the Default Rate or the Taxable Rate to the extent it exceeds interest otherwise payable under the Note, and payment of other costs, fees and expenses as provided in the Loan Agreement, the Note, the Security and any and all documents, instruments and agreements now or hereafter securing any thereof, and to hold collateral positions in any property or agreements secured under the Security.

The Bank, as assignee of the Loan, will be entitled to enforce all rights and remedies of the Issuer (except the Unassigned Rights) under the Loan, Loan Documents, any Security, if any, or this this Agreement for so long as this Agreement remains in effect. Without limiting the generality of the foregoing, the Bank will be entitled: (a) to administer all disbursements of funds under the Loan Agreement; (b) to hold all accounts required under the Loan Agreement and related Loan Documents; (c) to be named as mortgagee, loss payee or additional insured (as appropriate) under all insurance policies required to be maintained under the terms of the Security; and (d) to mark the Note "paid" and return the original thereof to the Borrower or its successor.

In the event of a default on the Bonds, the Bank may enforce all obligations of the Borrower under the Security and applicable law and no further consent or agreement of the Issuer will be required as a condition to such enforcement. The Issuer will execute and deliver to the Bank such other and further documents, and do such other acts and things as the Bank may reasonably request in order to fully carry out the purpose and intent of this assignment.

**Section 4.09. Insurance and Condemnation Proceeds.**

(a) The Borrower shall, throughout the term of this Agreement, obtain insurance for the Facility to the extent required and in accordance with the Loan Agreement and the Mortgage.

(b) The Bank shall hold and disburse all insurance proceeds or condemnation awards in accordance with the terms of the Loan Agreement and Mortgage. Insurance proceeds or condemnation awards shall be used to repair or replace the Facility (or reimburse the Borrower therefor) or to pay or prepay amounts owing under the Loan Documents in accordance with the Mortgage. The Bank or Borrower, as appropriate, shall promptly notify the other parties to this Agreement in writing of the use of the proceeds or award.

**ARTICLE V**

**FURTHER AGREEMENTS**

**Section 5.01. Covenants of the Issuer.** The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in the Bonds executed and delivered hereunder and in all of its proceedings

pertaining thereto; provided, however, that (except for payment of the principal of and interest on the Bonds from the Revenues as herein provided) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or by the Bank, or shall have received the instrument to be executed, and at the Issuer's option shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed by the Borrower for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act and the Supplemental Act, to issue the Bonds authorized hereby and to enter into this Agreement, to pledge the Revenues and other funds derived from this Agreement (but not funds resulting from the exercise of the Unassigned Rights) in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds issued hereunder and the execution and delivery of this Agreement has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the tenor and import thereof.

**Section 5.02. Borrower To Maintain Its Existence.** The Borrower agrees that during the term of this Agreement it will maintain its existence as a Colorado limited liability company, will continue to be in good standing and duly qualified to do business in the State, and will neither dispose of all or substantially all of its assets nor consolidate with or merge into another entity, unless the Borrower shall have prepaid the Note in full.

**Section 5.03. Sale or Conveyance of the Facility.** The Borrower shall not voluntarily Transfer the Facility or any portion thereof (other than for leases to residents or for any incidental use, to the extent permissible under all applicable Federal and state laws and regulations, or by granting a security interest junior to the Mortgage and the Note if permitted by the Mortgage) except with the written consent of the Bank and in compliance with the terms of the Mortgage, Loan Agreement and all other Loan Documents, and as follows:

(a) The Borrower shall obtain the prior written consent of the Issuer, which consent shall not be unreasonably withheld and shall be conditioned upon:

(i) evidence reasonably satisfactory to the Issuer that the Borrower is not then in default hereunder beyond any applicable grace period or cure period;

(ii) an opinion of counsel for the Transferee, delivered to the Issuer and the Bank, to the effect that (A) the Transferee is a validly existing entity that meets the then applicable requirements of the Issuer; (B) the Transferee has assumed in writing and in full all duties and obligations of the Borrower under the Loan Documents; (C) the Loan Documents constitute the legal, valid and binding obligations of the Transferee; and (D) operation of the Facility by the Transferee will be within its charter, bylaws and/or comparable organizational documents;

(iii) an opinion of Bond Counsel to the effect that such sale or conveyance of the Facility will not cause the interest on the Bonds to become subject to Federal income taxation;

(iv) said written assumption of the Transferee and the written agreement of the Transferee to comply with all provisions of state and Federal law applicable to the Borrower under this Agreement;

(v) evidence reasonably satisfactory to the Issuer, with regard to any project of the Transferee financed by the Issuer; that

(A) the Transferee is not now in arrears on any payments of fees due and owing to the Issuer or in default under any agreement with the Issuer, beyond any applicable grace period or cure period; and

(B) the Transferee does not have a documented history of repeated instances of noncompliance with provisions of the Issuer equivalent to those in this Agreement or the Tax Certificate which are not cured after notice thereof and within the applicable cure period or grace period; and

(vi) any other conditions which may be reasonably imposed by the Issuer to assure compliance with Federal or state law or reasonably deemed necessary by Bond Counsel in order for it to be able to provide the opinion referenced in (iii) above.

Notwithstanding the foregoing, the Issuer's consent shall not be required for (i) a sale, transfer or change in the General Partner, including the addition, removal or withdrawal of the General Partner or a limited partner of the Borrower in accordance with the Partnership Agreement; (ii) the sale, transfer, conveyance or pledge of Equity Investor interests in Borrower; (iii) the sale, transfer, conveyance or pledge of any partnership or membership interest in the Equity Investor; (iv) the pledge to the Equity Investor by the General Partner of the General Partner's interest in the Partnership Agreement, as security for the performance of the General Partner's obligations under the Partnership Agreement; (v) a foreclosure or a deed in lieu of foreclosure or the subsequent transfer of the Facility following foreclosure or a deed in lieu of foreclosure; (vi) any transfer resulting from exercise of any of the Bank's rights or remedies under the Security or any Loan Document; (vii) the events specifically excluded from Issuer consent described in the procedures and policies of the Issuer; or (viii) transfer of the Facility to the General Partner or an affiliate of the General Partner upon the exercise of an option or right of first refusal as provided In the Partnership Agreement.

(b) If the Transferee does not meet all requirements set forth in Section 5.03(a) hereof, the Borrower shall notify the Issuer in writing no later than 15 days prior to the intended Transfer. The Borrower hereby agrees that the proceeds of such Transfer shall, concurrently with such Transfer, be used to prepay the Note (subject to the [Prepayment Premium]) in full pursuant to Section 4.05(c) and to redeem the corresponding principal amount of the Bonds pursuant to Section 3.04(b); provided, that all proceeds of said Transfer in excess of the outstanding principal balance of the Note and accrued interest to such date shall be retained by the Borrower; and, provided further, that until prepayment in full of the Note and the corresponding redemption of the Bonds, this



Agreement, the Tax Certificate, the Note, the Security and the other Loan Documents shall remain in full force and effect, and the Borrower and the Facility shall retain all obligations hereunder and thereunder.

(c) As soon as practicable prior to the Transfer of the Facility, the Borrower shall notify the Issuer. As soon as practicable following such transaction, the Borrower shall provide to the Issuer and the Bank copies of any executed documents evidencing the transfer of title to the Facility and any written assumption by the Transferee of the Loan Documents, as well as copies of all other documents obtained by the Borrower that may be executed in regard to such Transfer.

(d) No Transfer of the Facility in violation of Section 5.03(b) hereof shall relieve the Borrower or the Facility of obligations under this Agreement or the Tax Certificate.

(e) Other than as provided in Section 5.03 hereof and in the Security or other Loan Documents, there shall be no Transfer of the Facility without first repaying the Note and Bonds in full, it being recognized the Bank is the first lienholder of the Facility and the terms and conditions of the Security include restrictions on transfers of the Facility without such repayment.

**Section 5.04. Tax-Exempt Status of Bonds; Arbitrage.** It is the intention of the parties hereto that interest on the Bonds shall be and remain excluded from gross income of the holder of the Bonds under Federal tax law, and to that end the covenants and agreements of the Issuer, the Bank and the Borrower in this Section are for the benefit of the Issuer as issuer of the Bonds and the Bank as owner of the Bonds.

Borrower covenants and represents for the benefit of the Issuer and the owner of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Borrower or any facilities financed or refinanced with the proceeds of the Bonds which (i) would cause the interest on the Bonds to lose their exclusion from gross income for federal income tax purposes under the Code; (ii) would cause interest on the Bonds to lose their exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; or (iii) cause the Bonds to become an “arbitrage bond” within the meaning of Section 148 of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the Borrower in fulfilling the above covenant under the Code have been met.

The Borrower, the Bank and the Issuer covenant and agree that they have not taken nor permitted to be taken and will not permit to be taken any action that will cause the interest on the Bonds to become included in gross income for federal income tax purposes or cause the Bonds to become an “arbitrage bond” within the meaning of Section 148 of the Code. Notwithstanding the foregoing, none of the covenants and agreements herein contained shall require the Bank, the Borrower or the Issuer to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body

affecting the taxation of interest on the Bonds; and provided further, that each party's responsibility under this Section shall be limited to actions within its respective control.

The Borrower agrees to pay in accordance with Section 4.03(c) hereof, the costs of the calculation of the Rebate Amount and the amount of the Rebate Amount, if any, owing to the United States of America on the Bonds.

Without limiting the generality of the foregoing, the Borrower and the other parties hereto covenant and agree that they will take such action or actions (including, without limitation, consenting and agreeing to amendments to the Loan Documents as may be necessary in the opinion of Bond Counsel), at the sole cost and expense of the Borrower, so that the Borrower, all subsequent owners of the Facility, and the Facility comply fully and continuously with Section 148 of the Code, as amended, and applicable to the Bonds from time to time, all applicable rules, rulings, policies, procedures, regulations or other official statements now or in the future promulgated or proposed by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 148 of the Code, including, without limitation, the Treasury Regulations, and with all applicable legislative enactments or applicable final decisions of courts of competent jurisdiction. Notwithstanding the foregoing, the Bank hereby agrees to take the actions prescribed by this paragraph so long as such actions will not affect its Security in its sole and complete discretion.

By virtue of the Borrower's agreeing to comply with future laws or regulations, the parties do not intend nor shall they be deemed to waive any rights or defenses they may have, individually or collectively, to contest the application of such laws or regulations to the Facility or the Project on the grounds that such application would constitute a prohibited impairment of contract or on any other applicable grounds. Nevertheless, while contesting the application of any such laws or regulations, the Borrower shall take such actions deemed necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of interest on the Bonds.

To the extent necessary to retain the exclusion of the interest on the Bonds from gross income for purposes of Federal income taxation or otherwise required by law, the provisions of this Section 5.04 shall survive termination of this Agreement.

**Section 5.05. Additional Instruments.** The Borrower hereby covenants to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the reasonable opinion of the Issuer or the Bank, to carry out the intent of the Loan Documents or to perfect or give further assurances of any of the rights granted or provided for in the Loan Documents; provided that no such instruments or acts shall change the economic terms of the transactions described herein or expand the liabilities of the parties hereunder without the consent of all the parties hereto.

**Section 5.06. Books and Records.**

(a) The Borrower hereby covenants to permit the Issuer, the Bank or their duly authorized representatives access, upon reasonable notice, during normal business hours to the books and records of the Borrower pertaining to the Loan and the Facility, and to make

such books and records available for audit and inspection, at reasonable times and under reasonable conditions, to the Issuer and the Bank and their duly authorized representatives.

(b) The Borrower hereby agrees to retain all draw requests submitted by the Borrower to the Bank pertaining to the Loan and the Facility for a period of four years from the date of the final payment on the Bonds or any tax-exempt obligation that refunds the Bonds.

**Section 5.07. Notice of Certain Events.** The Borrower agrees and covenants to advise the Issuer and the other party hereto promptly in writing of the occurrence of any Default hereunder of which it has actual knowledge or any event which, with the passage of time or service of notice, or both, would constitute a Loan Acceleration Default hereunder of which it has actual knowledge, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the Issuer and the Bank promptly in writing of the occurrence of any default under the Loan Documents or of the occurrence of an Act of Bankruptcy of the Borrower.

**Section 5.08. Indemnification of the Issuer and the Bank.**

(a) The Borrower shall indemnify, hold harmless and defend the Issuer and the Bank (except to the extent of gross negligence or willful misconduct by the Issuer or the Bank, respectively, as determined by a final non-appealable ruling from a court of competent jurisdiction) and the officers, members, directors, attorneys, officials, agents and employees of each of them from and against: (i) any and all claims or proceedings by or on behalf of any Person directly or indirectly arising from any cause whatsoever in connection with the Facility, the Project, the Loan Documents or any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Facility; and (ii) all reasonable costs, expenses, damages, counsel fees or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer or the Bank or any of its officers, members, directors, attorneys, officials, agents, or employees, with respect to which indemnity may be sought from the Borrower hereunder, the Borrower, upon written notice from the Issuer or the Bank (which notice shall be delivered in its sole discretion, hereafter referred to as an "Indemnification Notice"), shall assume the investigation and defense of the Issuer and/or the Bank thereof, including the employment of counsel selected by the Issuer or the Bank and the payment of all reasonable expenses related thereto; provided, that no settlement of a claim or proceeding against an indemnified party shall occur without the consent of such indemnified party. Notwithstanding any Transfer of the Facility in accordance with the provisions of this Agreement and the other Loan Documents, the Borrower shall remain obligated to indemnify the Issuer and the Bank against claims arising from the period prior to and during all times when the Borrower owned or had an interest in the Facility. Notwithstanding the foregoing, if the Bank or the Issuer shall choose not to deliver the Indemnification Notice, the Borrower's indemnity hereunder shall still remain to the fullest extent permitted by the law.

(b) The Bank shall indemnify, hold harmless and defend the Issuer (except to the extent of gross negligence or willful misconduct by the Issuer) and its officers,

members, directors, officials, attorneys, agents and employees and each of them from and against: (i) any and all losses, claims, damages or liabilities caused by or on behalf of any Person arising directly or indirectly from the willful misconduct or gross negligence of the Bank in connection with the Loan; and (ii) all reasonable costs, expenses, counsel fees, damages or liabilities incurred in connection with any such claim or proceeding.

In the event that any action or proceeding is brought against the Issuer or any of its officers, members, directors, officials or employees, with respect to which indemnity may be sought from the Bank hereunder, the Bank, upon written notice from the Issuer, shall assume the investigation and defense of the Issuer, including the employment of counsel selected by the Issuer or the payment of all expenses related thereto; provided, that no settlement of a claim or proceeding against the Issuer shall occur without the consent of the Issuer.

(c) The rights of the Issuer and the Bank under this Section 5.08 shall survive the payment in full of the Bonds and termination of this Agreement.

**Section 5.09. Compliance With Usury Laws.** Notwithstanding any other provision of this Agreement, it is agreed and understood that in no event shall this Agreement, with respect to the Note or other instrument of indebtedness, be construed as requiring the Borrower or any other Person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Note, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Agreement or related documents shall be canceled automatically as of the date of such acceleration, or if theretofore paid, shall be credited against the Borrower's obligations under the Note and the payments due on the Bonds shall be correspondingly reduced.

The provisions of this Section 5.09 shall prevail over any other provision of this Agreement.

**Section 5.10. Compliance With Other Laws.** To the Borrower's knowledge, the acquisition, construction, improvement, equipping and placing in service and operation of the Facility as described herein do not and will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto; if the Project is new construction, the Borrower has caused the Facility to be designed in accordance with all applicable Federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety, and environmental quality; and the Borrower has not failed to obtain (or will obtain when required) and maintain in effect any licenses, permits, franchises or other governmental authorizations necessary for the operation and conduct of the Facility.

The Borrower shall comply with federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988, the rules and regulations of United States Department of Housing and Urban Development ("HUD") and any other applicable federal, state and local law.

**Section 5.11. Maintenance and Repair of Facility.** The Borrower agrees to maintain the Facility or cause the Facility to be maintained, during the term of this Agreement, (a) in a reasonably safe condition; and (b) in good repair and in good operating condition, ordinary wear and tear and casualty and condemnation excepted.

**Section 5.12. No Additional Indebtedness/Contingent Obligations.** The Borrower shall not incur any additional Indebtedness, except as permitted under the Loan Agreement.

**Section 5.13. Reserves.** Commencing on the date of Substantial Completion (as that term is defined in the [Partnership Agreement]), and on each payment date of the Note thereafter, Borrower shall deposit the Reserves in the amounts and into the account as required by the Loan Agreement.

**Section 5.14. Audit by the Internal Revenue Service.** The Borrower acknowledges that in the event of an examination of the Bonds by the Internal Revenue Service (the “Service”) to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Issuer is likely to be treated as the “taxpayer” in such examination. The Borrower agrees, upon notification by the Issuer, that the Borrower (a) will respond to any inquiries from the Service in connection with such examination; and (b) upon request of the Issuer, will reimburse the Issuer for all reasonable out of pocket expenses incurred by the Issuer in connection with such examination of the Bonds by the Service, or will directly pay the costs of any such examination. The Issuer covenants that it will promptly notify the Borrower of any inquiry or examination by the Service relating to the Bonds and will cooperate with the Borrower, at the Borrower’s sole expense, in connection with any such inquiry or examination. The Borrower understands and agrees that the interests of the Issuer and the Borrower in any such examination may differ and that the existence of the examination may be subject to public disclosure by the Issuer under the open records laws of the State.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

#### Section 6.01. Defaults.

(a) A “Default” of the Borrower under this Agreement shall occur when:

(i) the Borrower has failed to pay when due any amount payable on the Note, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings; provided, however, such event shall be deemed a Default if paid within five (5) days following written notice to the Borrower and the Equity Investor by the Bank;

(ii) An “Event of Default” (as defined in the Loan Agreement) or Event of Default has occurred under the Note, the Loan Agreement, the Mortgage, if applicable (other than a failure to pay any amount due on the Note), or any other Loan Document; and

(iii) the Borrower, the Equity Investor and the Issuer (A) shall receive written notice from the Bank that the Borrower has failed to observe any of its obligations, covenants or agreements hereunder, including with respect to the Unassigned Rights (other than as specified in Section 6.01(a)(i) or 6.01(a)(ii) hereof), under the Tax Certificate, the Regulatory Agreement or the Tax Credit Regulatory Agreement, if applicable, and such failure shall continue for 30 days following such notice; provided, however, that if the same cannot reasonably be cured within such 30-day period, the Borrower shall have such additional time as may be reasonably necessary provided that a cure is commenced within such 30-day period and the Borrower diligently pursues such cure to completion; or (B) shall receive written notice from the Bank that the Borrower has made any material representation or warranty hereunder or under the Tax Certificate or the Regulatory Agreement, if applicable, that was knowingly false when made.

(iv) The Borrower purports to revoke, disputes the validity of or disputes the enforceability of its obligations under any of the Loan Documents.

(b) A “Default” shall occur when the Borrower and the Issuer receive written notice from the Bank that a Determination of Taxability has occurred and the cure period, if any, provided for in such notice of a Determination of Taxability has expired without the cure, to the satisfaction of the Bank, in reliance on the advice of Bond Counsel, of the problem identified in the Bank’s notice; provided, that in the event of a Determination of Taxability pursuant to clause (a) or (b) of the definition thereof, such notice shall provide for a cure period of at least 60 days unless, in the reasonable judgment of the Bank, in reliance on the advice of Bond Counsel, no cure is possible.

(c) If practicable, the General Partner or Equity Investor, may, but is not obligated to, cure an action or inaction of another party that, if uncured within the applicable time period, would become a Default hereunder and such cure shall be accepted or rejected on the same basis as if made or tendered by the party; provided any claim that such party may have as against the Borrower as a result of an accepted cure shall be junior and subordinate to all rights and claims of the Bank as against the Borrower. Notwithstanding anything to the contrary in the Loan Documents, upon the occurrence of an Event of Default arising out of: (i) the bankruptcy, insolvency or assignment of assets for the benefit of creditors by the General Partner of Borrower or by any guarantor; or (ii) the withdrawal from Borrower of the Borrower’s General Partner, or the death or incapacity of a General Partner or guarantor; or (iii) a breach of the representations concerning such General Partner or any guarantor, the Equity Investor shall have the option, but not the obligation, within 45 days of receipt of written notice of such Event of Default from the Issuer or Bank, to cure any such default by appointing a substitute or additional General Partner or guarantor that is an affiliate of the Equity Investor to act as such General Partner or guarantor.

The foregoing provisions of this Section or any other provision of this Agreement or any Loan Document notwithstanding, any Event of Default under Section 6.01(a) or Section 6.01(b) above (each a “Borrower Related Default”) shall not be deemed an Event of Default of the Issuer, and the Issuer shall not be considered to be in default of any of its obligations hereunder with

respect thereto under any circumstances, as the Issuer is merely acting in a conduit capacity hereunder and the Bonds are secured by and payable solely from amounts received from the Borrower or the Project, consisting of Revenues hereunder and is not a debt or indebtedness of the Issuer. Any remedial action hereunder with respect to a Borrower Related Default is therefore limited to action against the Borrower.

**Section 6.02. Loan Acceleration Default.** Upon delivery to the Issuer, the Borrower and the Equity Investor by the Bank of any notice of any Default under Section 6.01 hereof, such Default shall constitute a “Loan Acceleration Default.”

**Section 6.03. Remedies.**

(a) Whenever any Loan Acceleration Default under Section 6.02 hereof shall have occurred and be continuing:

(i) The Bonds shall be subject to mandatory redemption in whole pursuant to Section 3.04(a)(i) hereof.

(ii) Bonds will bear interest at the Default Rate (except a Default under 6.01(c) will bear interest at the Taxable Rate).

(iii) Subject to the provisions of Section 4.04 hereof, the non-defaulting parties also may take whatever action at law or in equity appears necessary or desirable to enforce performance and observance of any obligation or agreement in respect of which the Loan Acceleration Default has occurred.

(iv) The Bank may exercise any and all of its rights under the Loan Documents, including but not limited to its rights under the Mortgage.

(b) Whenever any Default under Section 6.01 hereof shall have occurred and be continuing, the non-defaulting parties may, subject to the provisions of Section 4.04 hereof, take whatever action at law or in equity that appears necessary or desirable to enforce performance and observance of any obligation or agreement in respect of which the Default has occurred or exercise any remedy available under the Security, and the Bonds will bear interest at the Default Rate (except a Default under 6.01(c) will bear interest at the Taxable Rate).

(c) Any amounts collected as payments of principal of, premium, if any, or interest on the Note, or applicable to such payments, pursuant to action taken under this Section shall be applied to payments of amounts due on the Bonds.

(d) If there is a Determination of Taxability, the following shall be due under the Bonds: (i) within 30 days following delivery of the notice of taxability, the Taxable Make-Whole Amount; and (ii) within 30 days following delivery of any demand by the Bank (such demand(s) may be made with the notice of taxability and by separate notice(s)) to the Issuer and the Borrower, any and all penalties and other amounts imposed upon such Bank by the Internal Revenue Service or other governmental authority resulting from or caused by the Determination of Taxability. “Taxable Make-Whole Amount” means the

difference equal to (1) the sum of those interest payments, or portion thereof, paid on the Bonds prior to delivery of the notice of taxability and deemed taxable pursuant to the Determination of Taxability at the Taxable Rate; minus (2) the sum of such interest payments, or portion thereof, actually paid on such Bonds.

(e) If any payment due under the Bonds is not paid within ten (10) days after its due date, a late charge of 5% of the amount of such delinquent payment, but not less than One Hundred and no/100ths Dollars (\$100.00), at the Bank's option, will be payable under the Bonds.

**Section 6.04. Attorneys' Fees and Costs.** If (a) a Default pursuant to Section 6.01 hereof occurs; or (b) any non-defaulting party should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the defaulting party or parties contained herein, then the defaulting party or parties, as applicable, on demand will pay to the non-defaulting party the reasonable fees of such attorneys and the reasonable costs so incurred, including, without limitation, reasonable fees and costs of court appeals.

**Section 6.05. No Remedy Exclusive.** No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, the Loan Agreement or the Security or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any non-defaulting party or parties to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**Section 6.06. No Additional Waiver Implied by One Waiver.** In the event any agreement or covenant contained in this Agreement should be breached by the Borrower and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE VII

### MISCELLANEOUS

**Section 7.01. Entire Agreement.** This Agreement, the Regulatory Agreement, the Tax Certificate and the other Loan Documents and Security constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the Issuer, the Bank and the Borrower with respect to the subject matter hereof.

**Section 7.02. Notices.** All notices, certificates or other communications, but excluding reports pursuant to Section 4.06(b) hereof, shall be in writing and shall be sufficiently given and shall be deemed received on the Business Day on which the same have been sent by facsimile or other electronic communication (provided that said notice is immediately followed by notice mailed as provided below), on the next Business Day following the day on which the same have



been personally delivered (either by messenger or courier service which guarantees next day delivery) or (if not by such messenger or by courier service), on the second Business Day following the date on which the same has been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

to the Issuer: City of Colorado Springs, Colorado  
30 South Nevada Avenue  
Suite 202  
Colorado Springs, Colorado 80903  
Attention: Chief Financial Officer

with copies to: City Attorney  
30 South Nevada Avenue  
Suite 501  
Colorado Springs, Colorado 80903

Community Development  
30 South Nevada Avenue  
Suite 701  
Colorado Springs, Colorado 80903  
Attention: Steve Posey,  
Community Development Division Manager  
Telephone: (719) 385-6880  
Email: [Steve.Posey@coloradosprings.gov](mailto:Steve.Posey@coloradosprings.gov)

Kutak Rock LLP  
1801 California Street, Suite 3000  
Denver, CO 80202  
Attention: Frederic H. Marienthal, Esq.  
Email: [Frederic.Marienthal@kutakrock.com](mailto:Frederic.Marienthal@kutakrock.com)

to the Bank: FirstBank  
4350 Wadsworth Blvd.  
Wheat Ridge, CO 80033  
Attention: Brandon Friedman, Senior Vice President  
Telephone: (303) 742-3014  
Email: [Brandon.Friedman@efirstbank.com](mailto:Brandon.Friedman@efirstbank.com)

with a copy to: Lewis Roca  
1601 19<sup>th</sup> Street, Suite 1000  
Denver, CO 80202  
Attention: Lindsay McKae, Esq.  
Telephone: (303) 628-9511  
Email: [lmckae@lewisroca.com](mailto:lmckae@lewisroca.com)

to Borrower: Paloma Garden VOA Senior Housing LLLP  
c/o Volunteers of America National Services

1660 Duke Street  
Alexandria, VA 22314  
Attention: General Counsel

with a copy to: Holland & Hart LLP  
555 17<sup>th</sup> Street, Suite 3200  
Denver, CO 80202  
Attention: J. William Callison, Esq.  
Email: [wcallison@hollandhart.com](mailto:wcallison@hollandhart.com)

with a copy to: Wincopin Circle LLLP  
c/o Enterprise Neighborhood Impact Fund III, LLC  
70 Corporate Center  
Suite 700  
Columbia, MD 21044  
Attention: General Counsel

with a copy to: Holland & Knight LLP  
10 St. James Avenue, 11<sup>th</sup> Floor  
Boston, MA 02116  
Attention: Dayna Hutchins, Esq.  
Email: [dayna.hutchins@hkllaw.com](mailto:dayna.hutchins@hkllaw.com)

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents, or other communications shall be sent.

**Section 7.03. Assignments.** This Agreement may not be assigned by any party without the prior written consent of all parties hereto, which consent shall not be unreasonably withheld; provided, that the Bank may assign its rights if it assigns the Bonds in compliance herewith.

**Section 7.04. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

**Section 7.05. Execution of Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 7.06. Amendments, Changes and Modifications.** Except as otherwise specifically provided in this Agreement, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of all the parties hereto. In addition to all requirements contained herein, the terms of the Note or the Regulatory Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Issuer. The

Bank or the Borrower shall provide the Issuer with notice of any change, modification, alteration or termination of Security. If any provisions herein conflicts with the terms of the Security the Security shall govern.

**Section 7.07. Governing Law.** This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State. The Parties hereto agree that any and all disputes arising among or between them shall be resolved in state or federal courts having jurisdiction over disputes arising in El Paso County, Colorado.

**Section 7.08. Term of Agreement.** This Agreement shall be in full force and effect from the date hereof until such time as the Bonds shall have been fully paid; provided, that the Bank's and the Issuer's rights to indemnification under Section 5.08 hereof and the provisions of Section 5.04 hereof, and Section 5.03 hereof to the extent provided herein, shall survive the termination of this Agreement. Time is of the essence in this Agreement.

**Section 7.09. Non-Business Days.** Any payment or act required to be done or made on a day that is not a Business Day shall be done or made on the next succeeding day that is a Business Day with the same force and effect as if it had been done on the date originally scheduled for such payment or act.

**Section 7.10. Parties To Act Reasonably.** When the consent, approval, determination or authorization of any party to this Agreement is required, unless otherwise provided, such party will act reasonably in deciding whether to provide such consent, approval, determination or authorization and will not unreasonably withhold or delay such decision or such consent, approval, determination or authorization.

**Section 7.11. No Violations of Law.** Any other term or provision in this Agreement to the contrary notwithstanding, (a) in no event shall this Agreement be construed as (i) depriving the Issuer of any right or privilege; or (ii) requiring the Issuer, any member of the City Council of the Issuer, or any official, officer, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else, which deprivation or requirement would violate, or result in the Issuer's being in violation of the Act, the Supplemental Act, the Charter or any other applicable state or federal law; and (b) at no time and in no event will the Borrower permit, suffer or allow any of the proceeds of the Bonds to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act, the Supplemental Act, the Charter or any other state or federal law.

**Section 7.12. Waiver of Jury Trial.** THE BANK, THE ISSUER AND THE BORROWER, AS TO THIS AGREEMENT, THE BONDS, THE NOTE, THE SECURITY AND THE LOAN DOCUMENTS, EACH IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL IN ANY ACTION OR PROCEEDING OF ANY ISSUE, CLAIM, COUNTERCLAIM OR OTHER CAUSE OF ACTION, WHETHER IN CONTRACT OR TORT, BASED UPON OR ARISING OUT OF ANY OF THE FOREGOING, OR ANY OTHER AGREEMENT OR DEALINGS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the day and year first above mentioned.

[SEAL]

**CITY OF COLORADO SPRINGS,  
COLORADO**

By \_\_\_\_\_  
John W. Suthers  
Mayor

Attest:

By \_\_\_\_\_  
Sarah B. Johnson  
City Clerk

**PALOMA GARDEN VOA SENIOR HOUSING  
LLLP, a Colorado limited liability limited  
partnership**

By: Paloma Garden SH GP LLC, a Colorado limited liability company, its general partner

By: Volunteers of America National Services, a Minnesota nonprofit corporation, its manager

By: \_\_\_\_\_  
Name: Kimberly Black King  
Title: Asst. Secretary/Asst. Treasurer

[Signature Page to Paloma Garden 2022 Financing Agreement]

**FIRSTBANK,**  
a Colorado state banking corporation

By \_\_\_\_\_  
Brandon Friedman  
Senior Vice President

[Signature Page to Paloma Garden 2022 Financing Agreement]

## EXHIBIT A

### ADDITIONAL TERMS

#### I. BONDS

##### A. Description

Housing or  Nonprofit or  Nonprofit Housing

If Housing,  Tax Credits anticipated

Tax Credits not anticipated

Bonds: City of Colorado Springs, Colorado Multifamily Housing Revenue Bonds (Paloma Garden Project), Series 2022

B. Dated Date: [\_\_\_\_\_, 20\_\_]

C. Maturity: The sooner of: (a) the first day of the first full month that is [sixteen (16) years after the Conversion Date] or (b) [\_\_\_\_\_] 1, 2040] (in each case subject to satisfaction of the Conditions to Conversion).

D. Principal Amount: Not to exceed \$[PAR] (Draw-Down Bond).

E. Interest Rate: 4.25% per annum.

F. Security: The "Security" includes the items listed below together with all other security documents, except for the Unassigned Rights, the Borrower may at any time execute in favor of the Issuer or the Bank to secure the Loan, the Bonds and the obligations under the Agreement,

Deed of Trust, Security Agreement and Fixture Filing encumbering the Facility, and certain other property and assets of the Borrower as set forth therein, dated as of the Closing Date, granted by the Borrower, as grantor, to the Public Trustee of El Paso County, Colorado, for the benefit of the Bank, as it may be amended, modified, supplemented or restated from time to time.

Construction Loan Agreement, dated the Closing Date, by and between the Borrower and the Bank as it may be amended, modified, supplemented or restated from time to time.

Promissory Note, dated the Closing Date, made by Borrower payable to the Issuer in the Principal Amount of \$[PAR] and assigned to the Bank by the Issuer pursuant to the Allonge thereto.

Environmental Indemnity Agreement dated the Closing Date, executed by the Borrower in favor of the Bank, as it may be amended, modified, supplemented or restated from time to time.

Carve-Out Guaranty, Unconditional Guaranty, and Completion Guaranty, each dated the Closing Date from the Guarantor for the benefit of the Bank, as each may be amended, modified, supplemented or restated from time to time.

Assignment of Leases, Rents and Other Rights between Bank and Borrower; Assignment of Architects' and Engineers' Agreements, Construction Contracts, Plans and Specifications together with consent from the Contractor, Architect and any engineers; Collateral Assignment of Development Agreement executed by Borrower and the Issuer; Collateral Assignment of Management Agreement executed by Borrower and acknowledged by property manager; Manager's Interest Assignment and Security Interest, pursuant to which the manager of Borrower shall assign all of its right, title and interest as manager in Borrower.

UCC Financing Statement(s).

Any other applicable agreements, instruments or documents made pursuant to the Agreement or to any of the other Loan Documents and securing payment of the Bonds, the Loan, or any of the Borrower's other payment and performance obligations under the Agreement and under the Loan Documents.

G. Registered Owner: FirstBank, a Colorado state banking corporation

H. Closing Date: [\_\_\_\_\_, 20\_\_]

I. First Interest Payment Date: [\_\_\_\_\_ 1, 20\_\_]

Next Interest Payment Dates: first (1<sup>st</sup>) day of each succeeding month

J. Servicing Reports:

Party responsible for bond reporting:

- Bank
- Paying Agent (\_\_\_\_\_)
- Other

Frequency of bond reporting:

- Monthly
- Quarterly (calendar quarter basis)
- Other (upon written request therefore)

K. Unused Proceeds Date:  Three years from the Closing Date or as provided in the Note, whichever is sooner

Not applicable

L. Date of Public Hearing: [\_\_\_\_\_, 20\_\_]

II. LOAN AND NOTE

A. Date: [\_\_\_\_\_, 20\_\_]

B. Maturity: The sooner of: (a) the first day of the first full month that is [sixteen (16) years after the Conversion Date] or (b) [\_\_\_\_ 1, 2040] (in each case subject to satisfaction of the Conditions to Conversion).

C. Principal Amount: Not to exceed \$[PAR].

D. Interest Rate: [\_\_\_\_]%

E. Premium for prepayment of the Note: As provided in the Note.

F. Date of Ordinance:  Official Action Date, [\_\_\_\_\_, 20\_\_]  
 Not applicable

G. Other Accounts:  Replacement Reserves, as defined in the Loan Agreement  
 Not applicable

H. Bank: Name: FirstBank  
 A national banking association duly organized and validly existing under the laws of the United States of America and qualified to do business under the laws of the State  
 A state chartered bank duly organized and validly existing under the laws of the State of Colorado  
 Other:

III. BORROWER AND PROJECT

A. Borrower: Paloma Garden VOA Senior Housing LLLP  
Entity  nonprofit corporation  
 limited liability company  
 limited partnership  
 general partnership  
 limited liability limited partnership

B. Facility: 127-unit senior multifamily housing project to be located in the City of Colorado Springs, Colorado

C. Facility Site: 920 South Chelton Road and 3140 Mallard Drive, Colorado Springs, Colorado 80910

D. Project means (a) to finance a portion of the cost of the acquisition, construction, improvement and equipping of a 127 unit senior multifamily housing project



located at 920 South Chelton Road and 3140 Mallard Drive, Colorado Springs, Colorado 80910, to be known as Paloma Garden; (b) to fund certain reserve funds, if any; and (c) to pay certain costs of issuance of the Bonds. Total project costs are expected to be approximately \$[\_\_\_\_\_]. Proceeds of the Bonds are in the maximum aggregate amount of \$[PAR].

- E. Purpose: To pay for the acquisition, construction, improvement and equipping (land and building): Not to exceed \$[PAR]
- To pay for costs of issuance: \$[0]
- Other Qualified Project Costs: \$[PAR]

IV. CLOSING REQUIREMENTS

- A. Additional Documents. In addition to the documents required by Section 3.02 hereof, the Issuer shall receive the following documents:
  - Evidence of recording of the Regulatory Agreement in the first position.
  - Regulatory Agreement (Extended Use Agreement) (the Tax Credit Regulatory Agreement) (to be executed following the placed in service date of the Facility).
  - Subordination Acknowledgement Certificate to evidence future recording of the Regulatory Agreement (Extended Use Agreement) (the Tax Credit Regulatory Agreement).

**EXHIBIT B**  
**FORM OF BONDS**

No. 1

[\$[PAR]

Not to Exceed \$[PAR]  
City of Colorado Springs, Colorado  
Multifamily Housing Revenue Bonds  
(Paloma Garden Project)  
Series 2022

INTEREST RATE: 4.25%

DATED DATE: [\_\_\_\_\_, 20\_\_]

MATURITY DATE: The sooner of: (a) the first day of the first full month that is [sixteen (16) years after the Conversion Date] or (b) [\_\_\_\_\_, 2040] (in each case subject to satisfaction of the Conditions to Conversion)

REGISTERED OWNER: FIRSTBANK

PRINCIPAL AMOUNT: Not to Exceed \$[PAR] (Draw-Down Bond)

INITIAL DRAW AMOUNT: \$[INITIAL DRAW]

INTEREST PAYMENT DATE: The first day of each month commencing [\_\_\_\_\_]1, 20\_\_]

**NOTICE: THIS BOND IS NOT REGISTERED UNDER STATE OR FEDERAL SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD, PLEDGED (EXCEPT BY A PLEDGE PURSUANT TO THE TERMS OF WHICH ANY OFFER OR SALE UPON FORECLOSURE WOULD BE MADE IN A MANNER THAT WOULD NOT VIOLATE THE REGISTRATION PROVISIONS OF FEDERAL OR STATE SECURITIES LAWS) OR OTHERWISE DISTRIBUTED FOR VALUE, NOR MAY THIS BOND BE TRANSFERRED ON THE BOOKS OF THE ISSUER, WITHOUT AN OPINION OF COUNSEL THAT NO VIOLATION OF SAID REGISTRATION PROVISIONS WOULD RESULT THEREFROM AND WITHOUT THE WRITTEN CONSENT OF THE ISSUER. ANY ATTEMPT TO TRANSFER THIS BOND IN VIOLATION OF THIS RESTRICTION SHALL BE VOID.**

**THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE**

**LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE  
MONEY AND FACILITY PLEDGED FOR PAYMENT THEREOF.**

CITY OF COLORADO SPRINGS, COLORADO (the “Issuer”), a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State of Colorado (the “State”) and the home rule charter of the City of Colorado Springs, Colorado (the “Charter”), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the aforesaid Maturity Date or on such earlier date as provided herein, plus premium, if any, and interest on the balance of said Principal Amount from time to time as determined by the books and records of the Bank and remaining unpaid from the later of the date hereof or the most recent Interest Payment Date (as defined below) to which interest has been paid, at the Applicable Note Rate per annum, payable on each Interest Payment Date. Principal of, premium, if any, and interest on this Bond are payable at the principal office of the Registered Owner, or at such other place and in such other manner as may be elected by the Registered Owner hereof in accordance with the Financing Agreement (as defined below). Upon payment in full of the principal of this Bond, whether at maturity or prior redemption, the Registered Owner shall forthwith deliver this Bond to the Issuer for cancellation. “Applicable Note Rate” means the rate of interest then payable under the Promissory Note (the “Note”) of the Borrower (as defined below) dated of even date herewith executed by Borrower payable to the order of the Issuer and assigned to the Bank (as defined below) on the Dated Date.

Principal, interest and premium at the times and in the amounts that principal, interest and prepayment fee or penalty provided for in the Note, respectively, are payable under the Note by the Borrower. If the terms of the Note require that interest thereto will accrue at an alternative rate, then in that case, interest under this Bond will accrue at that rate.

No covenant, condition or agreement contained in the Financing Agreement or herein shall be deemed to be a covenant, agreement or obligation of any past, present or future City Council member, commissioner, officer, counsel, attorney, financial advisor, director, trustee, official, employee or agent of the Issuer in their individual capacity, and no recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or for any claim based thereon or upon any obligation, provision, covenant or agreement contained in the Financing Agreement against any past, present or future City Council member, commissioner, officer, counsel, attorney, financial advisor, director, trustee, official, employee or agent of the Issuer, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such City Council member, commissioner, officer, counsel, attorney, financial advisor, director, trustee, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Financing Agreement and the delivery of this Bond. Neither the City Council members, commissioners, officers, counsel, attorneys, financial advisors, directors, trustees, officials, employees or agents of the Issuer nor any person executing this Bond or the Financing Agreement shall be liable personally on this Bond or under the Financing Agreement or be subject to any personal liability or accountability by reason of the issuance of this Bond or the execution of the Financing Agreement.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE FINANCING AGREEMENT. THIS BOND SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE ISSUER, THE COUNTY OF EL PASO, COLORADO (THE "COUNTY"), ANY PUBLIC AGENCY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE ISSUER, THE COUNTY, ANY PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR PAYMENT OF THIS BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO, NOR IN ANY EVENT SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS, ASSETS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS). THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NONE OF THIS BOND OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO THE LOAN, THIS BOND, OR UNDER THE FINANCING AGREEMENT, SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE ISSUER, THE COUNTY, ANY PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NO RECOURSE SHALL BE HAD TO THE ISSUER IN SATISFACTION OF ANY AMOUNTS DUE OR LIABILITIES INCURRED PURSUANT TO THE ISSUER'S ISSUANCE OF THIS BOND AND RELATED ACTIONS, INACTIONS OR TRANSACTIONS, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR THE EXECUTION OF THE FINANCING AGREEMENT AND THE ISSUANCE OF THIS BOND.

This Bond shall not constitute the personal obligation, either jointly or severally, of the Issuer or of any director, officer, employee or official of the Issuer.

This Bond is a duly authorized issue of the City of Colorado Springs, Colorado Multifamily Housing Revenue Bonds (Paloma Garden Project), Series 2022 (the "Bonds"), issuable under the Financing Agreement, dated [\_\_\_\_\_, 20\_\_] (the "Financing Agreement"), by and among the Issuer, FirstBank, a Colorado state banking corporation (the "Bank") and Paloma Garden VOA Senior Housing LLLP, a Colorado limited liability limited partnership (the "Borrower"). The Bonds are issued pursuant to the County and Municipality Development Revenue Bond Act, constituting Article 3, Title 29, Colorado Revised Statutes, as amended (the "Act"), the Supplemental Public Securities Act, constituting Part 2, Article 57 of Title 11, Colorado Revised Statutes, as amended (the "Supplemental Act"), and an ordinance duly adopted by the Issuer. The

principal amount of this Bond shall be the aggregate amount of all principal draws which have been funded by the Bank, less any repayments of such principal previously received by the Bank.

The Bonds are issued to provide funds for the Issuer's making of a loan (the "Loan") to finance eligible facilities of the Borrower and to pay certain costs of such financing. The Issuer has assigned the Loan, the Note and the Security (excluding the Unassigned Rights) to the Bank as the initial Registered Owner of this Bond.

Reference is hereby made to the Financing Agreement, the Note, the Security, and the Loan Agreement which are on file with the Bank, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Bank, the Borrower and the Registered Owner, the terms upon which the Bonds are issued and secured; the collection and disposition of Revenues; a description of the Facility and interests pledged; the modification or amendment of the Financing Agreement; and other matters, to all of which the Registered Owner of this Bond assents by the acceptance of this Bond.

This Bond is subject to mandatory redemption at a price equal to the outstanding principal amount of this Bond plus accrued interest thereon to the date fixed for redemption, plus premium, if any, as follows:

(a) in whole, upon the receipt by all parties of notice of Loan Acceleration Default under the Financing Agreement;

(b) in whole or in part, upon the occurrence of events described in Sections 4.05(a) and 4.09(b) of the Financing Agreement, if all or part of any insurance or condemnation proceeds will not be used to repair or replace the Facility or to reimburse the Borrower therefor as determined in accordance with the Loan Documents, in a principal amount equal to the proceeds not used for such repair or replacement;

(c) in part, in a principal amount sufficient to achieve an Outstanding principal balance on the Bonds which satisfies the Conditions to Conversion, in connection with a partial prepayment of the Note in accordance with Sections 4.02(a) and 4.05(b) of the Financing Agreement; and

(d) in part, in connection with a payment of principal on the Loan as provided for in the Note and in accordance with Section 4.02(b) of the Financing Agreement.

This Bond also is subject to optional redemption, in whole or in part, upon and in the amount of the prepayment of the Note at the option of the Borrower in accordance with Section 4.05(c) of the Financing Agreement on any day permitted under the Note and for which notice of such prepayment is given in accordance with the Financing Agreement and the Note, at a price equal to the outstanding principal amount of the Bonds plus accrued interest thereon to the date fixed for redemption plus the prepayment fee, as specified in the Note.

Notwithstanding anything in this Bond to the contrary, to the extent the Financing Agreement, the Note or the Loan Agreement requires the Borrower to pay a prepayment fee or penalty in connection with any prepayment of the Note, such prepayment fee or penalty shall be

deemed to be payable to the Registered Owner of this Bond as prepayment fee or penalty in connection with the redemption of the Bond resulting from such prepayment of the Note.

Written notice of redemption pursuant to clauses (a), (b) and (c) above shall be given by the Borrower, in accordance with the Financing Agreement, not less than five Business Days prior to the date set for redemption; provided, however, Registered Owner can waive such written notice in its discretion. By the acceptance of this Bond, the Registered Owner agrees that the notices required under the Financing Agreement regarding the use of insurance or condemnation proceeds and the prepayment of the Note will provide sufficient notice of any redemption of the Bonds pursuant to the immediately preceding paragraph or clause (b) or (c) above, and the Registered Owner waives any additional notice from the Issuer of such redemption. Failure of the Registered Owner to receive notice by mail or any defect in any notice so mailed shall not affect the validity of the proceedings for such redemption. The Bonds or portion thereof called for redemption will cease to bear interest on the specified redemption date if, on such date, the redemption price is paid or is deemed paid as provided in the Financing Agreement.

Premium shall be payable on this Bond at the same time or times, and in the same amount or amounts, as the prepayment fee or penalty payable under the Note.

If this Bond is redeemed pursuant to clause (a) above, payment of the redemption price shall be deemed made by the Issuer's absolute assignment to the Bank of all right, title and interest of the Issuer in the Note, the Security and the other Loan Documents. In the event of any other redemption of the Bonds, payment of the redemption price shall be made from the Revenues.

No recourse for the payment of the principal of, premium, if any, or interest on this Bond or for any claim based thereon or under or upon any obligation, covenant, acceptance or agreement contained in the Financing Agreement, or in the Bonds, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any member or officer, as such, past, present, or future, of the Issuer, for the payment for or to the Issuer or any receiver thereof, or for or to any Registered Owner of any Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon any of the Bonds (except as expressly provided in any of the other Loan Documents from the Issuer to the Bank). Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member or officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the Issuer or any receiver thereof, or for or to the owner or any Registered Owner of any Bond, or otherwise, of any sum that may remain due and unpaid upon any Bond, shall be deemed to be and is hereby expressly waived and released as a condition of and consideration for the execution and delivery of the Financing Agreement and the issuance of the Bonds.

If a Loan Acceleration Default occurs, the Bonds shall be subject to mandatory redemption in whole.

Any capitalized term not defined herein shall have the meaning assigned in the Financing Agreement or the Note.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Issuer or to have happened (a) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special limited obligations of the Issuer; and (b) precedent to and in the execution and delivery of the Financing Agreement; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

It is certified, recited, and warranted that the Bonds are issued under the authority of an ordinance duly adopted by the City Council of the Issuer, the Act, the Supplemental Act and the Charter. It is the intention of the Issuer, as expressed in said ordinance, that this recital shall conclusively impart full compliance with all of the provisions of said ordinance and shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the City of Colorado Springs, Colorado has caused this Bond to be executed in its name by the manual or facsimile signature of the Mayor and its seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its City Clerk.

[SEAL]

CITY OF COLORADO SPRINGS,  
COLORADO

By \_\_\_\_\_  
John W. Suthers  
Mayor

Attest:

By \_\_\_\_\_  
Sarah B. Johnson  
City Clerk



## EXHIBIT C

### INVESTOR LETTER

To: City of Colorado Spring, Colorado  
and Kutak Rock LLP, as Bond Counsel

RE: City of Colorado Springs, Colorado Multifamily Housing Revenue Bonds  
(Paloma Garden Project), Series 2022

In connection with the purchase by FirstBank, a Colorado state banking corporation (the “Purchaser”) of the City of Colorado Springs, Colorado Multifamily Housing Revenue Bonds (Paloma Garden Project), Series 2022 (the “Bonds”) issued pursuant to the terms of, and as defined in, the Financing Agreement, dated [\_\_\_\_, 20\_\_] (the “Financing Agreement”), by and among the City of Colorado Springs, Colorado (the “Issuer”), a municipal corporation duly organized and existing as a home-rule city under Article XX of the Constitution of the State of Colorado (the “State”) and the home rule charter of the City of Colorado Springs, Colorado (the “Charter”), the Purchaser and Paloma Garden VOA Senior Housing LLLP, a Colorado limited liability limited partnership (the “Borrower”), to and for the benefit of the Purchaser relating to the Bonds, the Purchaser hereby certifies for the benefit of the Issuer that the Purchaser is either a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (a “QIB”), or an “accredited investor” (as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated under the Securities Act of 1933, as amended, but excluding entities described in Rule 501(a)(8) that admit equity owners described in Rule 501(a)(5) or Rule 501(a)(6) (an “Accredited Investor”).

The Purchaser hereby further acknowledges, represents, and warrants to, and agrees with, the Issuer as follows:

A. The Purchaser is purchasing the Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit or sale of the Bonds in or to a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB or an Accredited Investor.

B. The Purchaser has such knowledge and experience in business and financial matters, including (i) the evaluation of residential real estate developments such as the Project (as defined in the Financing Agreement); (ii) the evaluation of the capabilities of persons such as the Borrower, and the manager of the Project to operate and maintain the Project; and (iii) the analysis, purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Purchaser has no need for liquidity in such investment and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

C. The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the Financing Agreement and all other documents relating to the issuance of the Bonds. The Purchaser has conducted its own investigation of the Project, the Borrower, the manager of the Project, the Bonds, the Financing Agreement and related documents and the transactions relating thereto, to the extent it deemed necessary and understands and acknowledges that there may exist other risks with respect to the Bonds that are not described therein and understands and agrees to undertake any action and costs identified in the Financing Agreement to be taken and incurred by the Purchaser. The Purchaser has been offered an opportunity to have made available to it, and has assumed responsibility for requesting and obtaining, any and all such information it might request from the Issuer, the Borrower and the manager of the Project. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on the Issuer to undertake the furnishing or verification of the accuracy or completeness of information obtained by the Purchaser related to the referenced transaction. In connection with the purchase of the Bonds, the Purchaser has been advised that (i) the Issuer has not undertaken steps to ascertain the accuracy, completeness or truth of any statements made or omitted to be made to the undersigned concerning any of the facts relating to the business, operations, financial condition, or future prospects of the Borrower or the manager of the Facility; and (ii) the Issuer has not made any representations concerning the accuracy or completeness of any information supplied to the undersigned by the Borrower or the manager of the Facility.

D. THE PURCHASER UNDERSTANDS THAT:

1. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE FINANCING AGREEMENT. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE ISSUER, THE COUNTY OF EL PASO, COLORADO (THE "COUNTY"), ANY PUBLIC AGENCY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE ISSUER, THE COUNTY, ANY PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR PAYMENT OF THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS, ASSETS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS). THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO THE LOAN, THE BONDS, OR UNDER THE FINANCING AGREEMENT, SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE ISSUER, THE COUNTY, ANY PUBLIC AGENCY, THE STATE, NOR ANY POLITICAL

SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

2. NO RECOURSE SHALL BE HAD TO THE ISSUER IN SATISFACTION OF ANY AMOUNTS DUE OR LIABILITIES INCURRED PURSUANT TO THE ISSUER'S ISSUANCE OF THE BONDS AND RELATED ACTIONS, IN ACTIONS OR TRANSACTIONS, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR THE EXECUTION OF THE FINANCING AGREEMENT AND THE ISSUANCE OF THIS BOND.

E. The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to a QIB or an Accredited Investor that makes representations with respect to itself to substantially the same effect as the representations set forth herein.

F. The Purchaser (or in the case of any transferee, such transferee) also understands that it shall indemnify the Issuer as set forth in the Financing Agreement and hereby AGREES TO FURTHER INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT MAY RESULT IF THE REPRESENTATIONS OF THE PURCHASER CONTAINED IN THIS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT. The Purchaser agrees to cause any transferee to agree to such same indemnification.

All confirmations, affirmations, statements and provisions of the Purchaser in this Investor Letter are made solely and exclusively for the benefit of the Issuer in connection with its purchase of the Bonds. The Purchaser is aware of the significance to the Issuer of the foregoing representations, and they are made with the intention that the Issuer will rely on them.

The foregoing representation shall survive the execution and delivery to the Purchaser of the Bonds and the instruments and documents contemplated thereby.

Very truly yours,

FIRSTBANK, a Colorado state banking  
corporation, as Purchaser

By \_\_\_\_\_  
Brandon Friedman  
Senior Vice President