
FINANCING AGREEMENT

by and among

CITY OF COLORADO SPRINGS, COLORADO,

U.S. BANK NATIONAL ASSOCIATION,

and

ATRIUM APARTMENTS LLLP,
a Colorado limited liability limited partnership

Dated [____], 2020

Relating to

Not to Exceed \$[PARA]
City of Colorado Springs, Colorado
Multifamily Housing Revenue Bonds
(Atrium at Austin Bluffs Apartments Project)
Series 2020A

Not to Exceed \$[PARB]
City of Colorado Springs, Colorado
Multifamily Housing Revenue Bonds
(Atrium at Austin Bluffs Apartments Project)
Series 2020B

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “Agreement”), dated [____], 2020, is by and among the **CITY OF COLORADO SPRINGS, COLORADO**, a home rule city and Colorado municipal corporation organized and existing under Article XX of the Colorado Constitution and its Home Rule Charter (the “City”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (the “Bank”), as the registered owner and assignee, or any successor in interest, and **ATRIUM APARTMENTS LLLP**, a Colorado limited liability limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the County and Municipality Development Revenue Bond Act, constituting Article 3, Title 29, Colorado Revised Statutes, as amended (the “Act”), and the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of the Colorado Revised Statutes, as amended (the “Supplemental Act”), authorize the City to issue revenue obligations to finance and refinance one or more projects to the end that residential facilities for low- and middle-income persons or families may be provided which are intended for use as the sole place of residence by the intended occupants; and

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

WHEREAS, pursuant to an authorizing ordinance (the “City Ordinance”), dated [____, 2020], the City has authorized the issuance of its Multifamily Housing Revenue Bonds (Atrium at Austin Bluffs Apartments Project) Series 2020A in the principal amount of not to exceed \$[PARA] and its Multifamily Housing Revenue Bonds (Atrium at Austin Bluffs Apartments Project) Series 2020B in the principal amount of not to exceed \$[PARB] (the “Bonds”), the proceeds of which are to be used to fund loan to the Borrower in the principal amount of \$[PAR] (the “Loan”) in order to finance a portion of the costs of: (a) financing the construction, rehabilitation, improvement, equipping and placing in service of a 54-unit senior affordable multifamily housing project to be located at 4921 Templeton Gap Road, Colorado Springs, Colorado (the “Facilities”); (b) funding certain reserve funds, if any; and (c) paying certain costs of issuing 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) to supply the City 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 City'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 (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, 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 the 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 City 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 60 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 City, 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 City 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.

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

“*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 Facilities 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 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 [___]% 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 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 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.

“*Facilities*” and each a “*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.

“*Guarantor*,” means the **GRECCIO, HOUSING UNLIMITED, INC.**, a Colorado nonprofit corporation doing business as Greccio Housing.

“*Guaranty*” means that certain Repayment and Completion Guaranty, dated the date hereof, from the Guarantor for the benefit of the Bank, as 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.

“Loan” means the loan originated by the City from the proceeds of the Bonds to the Borrower and assigned to the Bank pursuant to this Agreement, maturing on [_____] 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 construction, rehabilitation, improvement, equipping and placing in service of the Facilities 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 Bond Purchase, Construction and Convertible Term 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 a 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 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 Facilities or 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 Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, encumbering the Facilities 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, collectively, (i) the Tax-Exempt Construction Loan Note, and (ii) the Tax-Exempt Convertible Term Note.

“*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 the Amended and Restated Agreement of Limited Liability Limited Partnership of the Borrower, dated [____], 2020, as may be amended, modified, supplemented or restated from time to time.

“*Person*” includes, unless the context requires, any individual, corporation, 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 Facilities, together with any amendments thereto, in each case as 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 Facilities, 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 to the Budget (as defined in the Loan Agreement) and all other costs approved by Bond Counsel, 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 City, 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.

“*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 Facilities and other income derived by Borrower from the operation of the Facilities, and all gifts, donations, pledges, grants, capital contributions that are not used to repair or replace the Facilities 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 [_____], each as defined in Exhibit D hereto.

“*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 a rate of interest charged by Bank for taxable rate loans.

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

“*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 Facilities.

“*Tax-Exempt Construction Loan Note*” means the Tax-Exempt Construction Loan Note, dated the Closing Date, by the Borrower, evidencing its payment obligations on the Loan.

“*Tax-Exempt Convertible Term Note*” means the Tax-Exempt Convertible Term Note, dated the Closing Date, by the Borrower, evidencing its payment obligations on the Loan.

“*Transfer*” means the sale, transfer, lease, encumbrance or other conveyance of title to ownership of or an interest in the Facilities 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 Facilities or any portion thereof.

“*Unassigned Rights*” means, collectively, (a) all rights that the City 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 City 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 City itself, or its officers, officials, agents or employees, including but not limited to its rights to payment under Section 4.03(b) and (d) hereof; (c) all rights of the City 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 City 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 or any requirements imposed by the City 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 City in connection with any amendment to or modification of this Agreement with respect to the Unassigned Rights; (f) all rights of the City to enforce notice and reporting requirements and restrictions on transfer of ownership of the Facilities 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 City 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 and Warranties of the City. The City represents and warrants as follows:

(a) The City is a municipal corporation and political subdivision of the State of Colorado (the “State”) under the provisions of Article XX of the Constitution of the State and the Charter of the City (the “Charter”).

(b) The City has lawful power and authority under the laws of the State, including, without limitation, the Act and the Supplemental Act, acting through its governing board, 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 City has duly adopted the City Ordinance, and the City 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 City Ordinance, the City hereby finds that the financing of the Project is in the public interest and will fulfill the purpose of providing dwelling accommodations that substantially benefits persons of low income.

(e) To the City’s knowledge, no member of the City Council of the City or any other officer of the City has any significant or conflicting interest, financial, employment or otherwise, in the Borrower, the Project or the transactions described herein.

(f) The City 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 City 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.

(g) To the City’s knowledge, the performance and the consummation of the transactions on the part of the City contemplated in this Agreement and the compliance by the City 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 City a violation

of, breach of or default under (i) any law, order, rule or regulation applicable to the City; (ii) any agreement or instrument to which the City is a party or by which the City is bound; or (iii) any court order or consent decree to which the City is subject.

(h) Except as provided in Exhibit E hereto, no litigation at law or in equity or administrative action of any nature has been served on the City and is now pending which materially adversely affects (i) the creation, organization or existence of the City; (ii) the City's ability to accept or perform the duties and obligations of the City under this Agreement, the Bonds and the Regulatory Agreement; (iii) the City's ability to fulfill its duties and obligations under this Agreement, the Bonds and the Regulatory Agreement; (iv) the validity or enforceability of this Agreement, the Bonds, Note or any Loan Document to which the City is a party; or (v) the tax-exempt status of interest on the Bond.

(i) 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 City 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 City under the terms of any instrument or agreement.

(j) Consistent with the understanding between the City, the Borrower and the Bank, the City will loan to the Borrower the proceeds of the Bond to provide for the financing of the Project.

(k) Except as herein provided, the City makes no other representations, either expressly or impliedly, as to the Project or the financing thereof. THE CITY 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.

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 liability 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 liability 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) 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) That 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 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 City with the proceeds of the Bonds will assist the Borrower in providing dwelling accommodations that substantially benefits persons of low income.

(f) The Borrower shall operate or cause the Facilities to be operated to the expiration of the term of this Agreement as dwelling accommodations that substantially benefits person of low income within the meaning of the Act and has complete lawful authority to operate the Facilities for such purpose.

(g) That 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 Facilities 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 Facilities, 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 Facilities, except for cleaning and other products used in connection with the routine operation, maintenance or repair of the Facilities, all in full compliance with Hazardous Materials Laws and will not permit any lessee on the Facilities to use, store, manufacture, generate, transport to or from, or dispose of any toxic substances, hazardous materials, hazardous waste, radioactive materials, flammable explosives, related material 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 include, but not be limited to, such substances, materials and wastes which are or become regulated under applicable 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 Facilities or the construction of the improvements to the Facilities 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. To the knowledge of the Borrower, 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 it is a party or by which any of its properties or assets are bound.

(i) The Facilities consists of the facilities comprising the Project and owned by the Borrower, and the Facilities 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 Facilities which could materially and adversely affect the use of the Facilities as dwelling accommodations that substantially benefits persons of low income.

(j) The Facilities 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 Facilities, and Borrower has not and will not transfer, assign, convey, hypothecate or encumber any of the air rights pertaining to the Facilities.

(k) The Facilities 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 reasonably acceptable to the Bank.

(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. 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 Facilities, 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 City 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 Facilities, 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 best of 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 Facilities.

(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 Facilities 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) That the Plans and Specifications and construction and installation of the improvements pursuant thereto and the use of the Facilities contemplated thereby materially comply with all applicable laws and all permits and approvals issued thereunder, affecting the Project, the sale, operation, leasing or financing of the Facilities and the intended occupancy, use and enjoyment of the Facilities, 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 Facilities, 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 Facilities, or would materially and adversely change the nature of the use or occupancy of the Facilities without the prior written consent of the Bank.

(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 Facilities or the financing thereof) furnished to the Bank, the City 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 City 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 City may consider any such misrepresentation or breach a Loan Acceleration Default.

(v) 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, Facilities 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 its bylaws or any other organizational documents, as applicable, the Borrower shall admit, treat and/or serve individuals, as applicable, in the Facilities 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 Facilities. 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 Facilities as a place of religious worship or sectarian instruction.

(x) The construction, rehabilitation, improvement, equipping and placing in service, ownership and/or operation of the Facilities are consistent with the Borrower's organizational documents.

(y) Any statements regarding the Project or Borrower and 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 Facilities 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) To the best of Bank's knowledge, neither the execution and delivery by the Bank of this Agreement nor the performance by the Bank of its obligations under any of the Loan Documents to which it is a party, nor the consummation of the transactions contemplated by such Loan Documents will violate any law, rule, regulation or ordinance, or any order, judgment or decree of any Federal, state or local court or will conflict with, or constitute a breach of, or a default under, the charter or by-laws of the Bank or under any agreement, instrument or commitment to which the Bank is a party or by which the Bank or any of its property is bound.

(f) To the best of Bank's knowledge, no litigation at law or in equity or administrative action of any nature has been served on the Bank and is now pending which materially adversely: (i) affects or seeks to prohibit, restrain or enjoin the execution and delivery by the Bank of any of the Loan Documents to which it is a party; the performance by the Bank of its obligations under such Loan Documents, or the consummation of the transactions contemplated by such Loan Documents; or (ii) affects or questions the validity or enforceability of such Loan Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Bank as a prerequisite to the execution and delivery by the Bank of the Loan Documents to which it is a party, the performance by the Bank of its obligations under such Loan Documents or the consummation of the transactions contemplated by such Loan Documents.

(h) The Bank hereby agrees, subject to the terms of the Loan Agreement, to purchase from the City the Bonds in the maximum Principal Amount of \$[PAR] in installments by funding draws under the Loan as provided herein and in the Loan Agreement for the purpose of financing the construction, rehabilitation, improvement, equipping and placing in service of the Facility by the Borrower.

(i) As of the date hereof, all funds held by the Bank which are used to secure payment of the obligations of the Borrower under the Note are identified in Section II. G of Exhibit A hereto and in the Tax Certificate.

(j) The Bank hereby agrees to subordinate its lien on the Facility to certain aspects of the Tax Credit Regulatory Agreement as required by the Code and to the Regulatory Agreement.

(k) 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 City 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 City 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 City 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 City 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 Disbursement Account (as

defined in the Loan Agreement) pursuant to this Agreement and the Loan Agreement. The City agrees to finance the Project by making the Loan to the Borrower from the proceeds of the Bond. The proceeds of the initial advance of the Bond shall be delivered to the title company on the Closing Date or deposited in the Construction Disbursement 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 City and the Bank shall have received the original executed Loan Documents.

(b) The City 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 City, Bond Counsel and the Bank.

(c) The City 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 City shall have executed and delivered to the Bank an endorsement of the Note, for security purposes only (except as otherwise provided therein), to secure all obligations of the City 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.

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

(h) Bond Counsel shall have delivered to the City, 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. 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 City 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 City for cancellation.

The City hereby agrees to assign to the Bank, as the registered owner, but only as security for payment of amounts payable on the Bonds and the Note. The Bank and the City agree that the City 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 Bond proceeds 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 Facilities 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 or Loan Agreement 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 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 City of redemption of the Bonds pursuant to Sections 3.04(a)(i), (ii) and (iii) 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 City's absolute assignment to the Bank of all right, title and interest of the City 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 City of such redemption in whole and the cancellation of the Bonds.

Section 3.05. Registration and Transfer.

(a) The City shall maintain the registration book containing the name and address of the registered owner of the Bonds.

(b) The Bank hereby acknowledges that the City 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 City's prior written consent, which consent shall not be unreasonably withheld if the transfer is within the City'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 City 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 City against any liability, cost and expense (including attorneys' fees) that may result therefrom. Any transferee of the Bonds must assume in 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 City 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 City. The City 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 City'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 SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED UNDER THIS AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), 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 STATE, EL PASO COUNTY, COLORADO (THE "COUNTY"), THE CITY OR ANY POLITICAL SUBDIVISION OF EITHER THE STATE, THE COUNTY OR THE CITY, AND NEITHER THE STATE, THE COUNTY, THE CITY, 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 CITY 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. THE BONDS DO NOT CONSTITUTE A DEBT, LOAN, CREDIT, MORAL OBLIGATION, OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR 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 CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS SHALL GIVE RISE TO ANY PECUNIARY LIABILITY OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT, OR SHALL OBLIGATE THE CITY FINANCIALLY IN ANY WAY, EXCEPT AS MAY BE PAYABLE FROM THE SECURITY PLEDGED AND ASSIGNED HEREUNDER. NO FAILURE OF THE CITY TO COMPLY WITH ANY TERM, COVENANT, OR AGREEMENT CONTAINED IN THE BONDS, THE LOAN DOCUMENTS, OR IN ANY DOCUMENT EXECUTED BY THE CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS, SHALL SUBJECT THE CITY 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 SECURITY PLEDGED AND ASSIGNED HEREUNDER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MAYOR OF THE CITY, MEMBER OF THE CITY COUNCIL, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS OF THE CITY, OR OF ANY SUCCESSOR THERETO, 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 MAYOR OF THE CITY, CITY COUNCIL MEMBERS, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS, AS SUCH IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

Section 3.07. No Warranty. The obligation of the City 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 City as to the feasibility or viability of the Facilities 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. Supplemental Public Securities Act Provisions. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. Pursuant to the City Ordinance, the City has elected to apply all of the provisions of the Supplemental Act to the Bond and has assigned the Revenues and the Note to payments of the Bond pursuant to the Supplemental Act.

ARTICLE IV

THE LOAN

Section 4.01. Amount, Source and Funding of Loan. The City 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 City, upon the terms and conditions set forth in this Agreement and the Loan Documents; (b) agrees to execute and deliver the Note 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 City, 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 City 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 Bond and the obligations of the Borrower in this Agreement and the Loan Agreement. The Borrower hereby consents to the City'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 City 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 Facilities, 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 Facilities to the extent permitted by the Mortgage;

(b) forthwith upon prior written consent of the City (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;

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

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

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

(f) any amounts payable to the City 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 City, 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 construction, rehabilitation, improvement, equipping and placing in service or operation of the Facilities; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Loan or the Facilities; (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 City 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 City 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 City 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 City 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 and its partners. Nothing herein shall be deemed to be a waiver of any right which the City, 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 City, 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 Facilities (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 City, 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 City 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 Facilities 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.

(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 penalty in connection with any prepayment of the Note, the Borrower shall be obligated hereunder to pay such prepayment 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 Bond. 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 City a report, in form and content approved in advance by the City, 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 endeavor to notify the City as soon as practicable if the Borrower has failed to make a payment due under the Note which has not been cured within thirty (30) days.

(c) Pursuant to this Agreement, the City assigns all rights in the Loan and this Agreement to the Bank except the Unassigned Rights. The City 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 Bond 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 City, and such accountants or other agencies as the Borrower or the City may from time to time designate in writing to the Bank.

Section 4.07. Rights Under Loan Agreement. 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 City 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 City and the Borrower acknowledge and agree that the Bank may enforce all rights of the City (except the Unassigned Rights) 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 City has undertaken to enforce such rights and obligations.

Section 4.08. Rights Under Security. As security repayment of the Bonds and all the City's obligations under this Agreement, the City hereby assigns, conveys, transfers, and sets over and delivers to the Bank (i) all of the City's right, title and interest in, to and under the Loan, Loan Documents, and this Agreement, except for the Unassigned Rights, (ii) 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 (iii) in any property or agreements secured under the Security. The Borrower hereby acknowledges and consents to such assignment by the City to the Bank.

The Bank, as assignee of the Loan, will be entitled to enforce all rights and remedies of the City (except the Unassigned Rights) under the Loan, Loan Documents, any Security, if any, or 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 City will be required as a condition to such enforcement. The City 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 Facilities 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 Facilities (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 City. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, and stipulations of the City and provisions contained in this Agreement or in the Bonds executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto which impose obligations, if any, upon the City; provided, however, that (except for payment of the principal of and interest on the Bonds from the Revenues as herein provided) the City 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 City's option shall have received from the Borrower assurance satisfactory to the City that the City 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 City covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation 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 special, limited obligations of the City according to the tenor and import thereof.

Section 5.02. Borrower To Maintain Its Existence; Conditions Under Which Exceptions Permitted. The Borrower agrees that during the term of this Agreement it will maintain its existence as a Colorado limited liability limited partnership, 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 or (a) the Borrower shall have first filed with the City an opinion of Bond Counsel to the effect that such disposal of assets, consolidation or merger will not cause the interest on the Bonds to become subject to Federal or state income taxation; (b) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be an entity,

organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the State; (c) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrower under the Loan Documents, subject to all of the limitations of liability applicable to the Borrower; (d) such acquisition shall comply with the provisions of the Mortgage and the Loan Agreement; and (e) the Bank shall have provided prior written consent to such disposition, consolidation or merger (which consent may be granted, withheld or conditioned in the Bank's sole discretion), and shall have furnished to the City within 10 days after any such action notice thereof and an executed original document evidencing said assumption.

As soon as practicable, but not less than 15 days prior to the intended disposition of assets, consolidation or merger, the Borrower shall notify the City of such intended transaction.

Section 5.03. Sale or Conveyance of the Facilities. The Borrower shall not voluntarily Transfer the Facilities 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, and as follows:

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

(i) reasonable evidence satisfactory to the City 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 City and the Bank, to the effect that (A) the Transferee is a validly existing entity that meets the then applicable requirements of the City; (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 Facilities 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 Facilities 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 satisfactory to the City, with regard to any project of the Transferee financed by the City; that

(A) the Transferee is not now in arrears on any payments of fees due and owing to the City or in default under any agreement with the City, 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 City 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 City to assure compliance with Federal or state law or deemed necessary by Bond Counsel in order for it to be able to provide the opinion referenced in (iii) above.

Notwithstanding the foregoing, the City's consent shall not be required for (i) a sale, transfer, conveyance or pledge of limited partner interests in Borrower; (ii) a change in the limited partner or general partner of the Borrower, including the addition, removal or withdrawal of a limited partner or general partner of the Borrower in accordance with the Partnership Agreement of the Borrower; (iii) the sale, transfer, conveyance or pledge of any membership interests in a limited partner of the Borrower; (iv) the pledge to the limited partner by the general partner of the Borrower of such general partner's interest in the Partnership Agreement, as security for the performance of all of such general partner's obligations under the Partnership Agreement; (v) a foreclosure or a deed in lieu of foreclosure or the subsequent transfer of the Facilities 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; (vii) the transfer of the Facilities or an interest of a partner of the Borrower pursuant to the Partnership Agreement or the Right of First Refusal entered into in connection with the Partnership Agreement; or (viii) for the events specifically excluded from City consent described in the procedures and policies of the City.

(b) If the Transferee does not meet all requirements set forth in Section 5.03(a) hereof, the Borrower shall notify the City 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 Facilities shall retain all obligations hereunder and thereunder.

(c) As soon as practicable prior to the Transfer of the Facilities, the Borrower shall notify the City. As soon as practicable following such transaction, the Borrower shall provide to the City and the Bank copies of any executed documents evidencing the transfer of title to the Facilities 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 Facilities in violation of Section 5.03(a) or (b) hereof shall relieve the Borrower or the Facilities of obligations under this Agreement or the Tax Certificate.

(e) Other than as provided in Section 5.02 and this Section 5.03 hereof and in the Security, there shall be no Transfer of the Facilities without first repaying the Note and Bond in full, it being recognized the Bank is the first lienholder of the Facilities and the terms and conditions of the Security include restrictions on transfers of the Facilities 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 City, the Bank and the Borrower in this Section are for the benefit of the City as issuer of the Bonds and the Bank as owner of the Bonds.

Borrower covenants and represents for the benefit of the City 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 City 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 City 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(b) 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 Facilities, and the Facilities 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 Facilities 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 City 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 City, 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 Facilities, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions, to the City 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 Facilities 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 and the Bank each hereby covenants to advise the City and the other party hereto promptly in writing of the occurrence of any Default hereunder (subject to applicable notice and cure periods) of which it has actual notice 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 notice, 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 City and the Bank promptly in writing of the occurrence of any default under the Loan Documents (subject to applicable notice and cure periods) or of the occurrence of an Act of Bankruptcy of the Borrower.

Section 5.08. Indemnification of the City and the Bank.

(a) The Borrower shall indemnify, hold harmless and defend the City and the Bank (except to the extent of gross negligence or willful misconduct by the City or the Bank, respectively) and the city council members, officers, counsel, attorneys, officials, trustees, members, employees, financial advisors or agents 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 Facilities, 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 Facilities; 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 City or the Bank or any of its city council members, officers, counsel, attorneys, officials, trustees, members, employees, financial advisors or agents, with respect to which indemnity may be sought from the Borrower hereunder, the Borrower, upon written notice from the City 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 City and/or the Bank thereof, including the employment of counsel selected by the City 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 Facilities in accordance with the provisions of this Agreement and the other Loan Documents, the Borrower shall remain obligated to indemnify the City 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 Facilities. Notwithstanding the foregoing, if the Bank or the City 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 City (except to the extent of gross negligence or willful misconduct by the City) and its city council members, officers, counsel, attorneys, officials, trustees, members, employees, financial advisors or agents 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: (A) the Loan as assigned to the Bank, (B) the disbursement of Revenues, (C) violation by the Bank of its covenants, obligations or representations under the Loan Documents, or (D) any written statements or representations with respect to the Bank made or given to the City by the Bank or any of its agents or employees, including, but not limited to, statements or representations of facts or financial information; 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 City or any of its city council members, officers,

counsel, attorneys, officials, trustees, members, employees, financial advisors or agents, with respect to which indemnity may be sought from the Bank hereunder, the Bank, upon written notice from the City, shall assume the investigation and defense of the City, including the employment of counsel selected by the City or the payment of all expenses related thereto; provided, that no settlement of a claim or proceeding against the City shall occur without the consent of the City.

(c) The rights of the City 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 best of the Borrower's knowledge, the construction, rehabilitation, improvement, equipping and placing in service and operation of the Facilities 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 Facilities 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 Facilities.

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 Facilities. The Borrower agrees to maintain the Facilities or cause the Facilities 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 excepted.

Section 5.12. No Additional Indebtedness. The Borrower shall not incur any additional Indebtedness of any kind, other than the Subordinate Debt, trade payables incurred in the ordinary

course of Borrower's business and as otherwise expressly contemplated herein, unless the Borrower shall have obtained the prior written approval of the Bank.

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; ;

(ii) the Borrower and the City shall receive written notice from the Bank that an "Event of Default" (as defined in the Loan Agreement) or 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, following the expiration of all notice and cure periods applicable to the Borrower and the Borrower's limited partner; and

(iii) the Borrower and the City (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), and such failure shall continue for 60 days following such notice; 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 false when made.

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

(c) The Borrower and the City 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 judgment of the Bank, in reliance on the advice of Bond Counsel, no cure is possible.

(d) If practicable, any party, including Borrower's general or limited partner, 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.

Section 6.02. Loan Acceleration Default. No Default under Section 6.01 hereof shall constitute a Loan Acceleration Default unless or until:

(a) in the case of a Default pursuant to Section 6.01(a)(i), the Borrower and the City receive a written “Notice of Loan Acceleration Default” from the Bank; provided, however, that if the City has not actually received such Notice from the Bank and said Default is not cured prior to the 120th day following such Default, the City may deem such Notice to be received on the 120th day following the date of the Default pursuant to Section 6.01(a)(i); provided further, that with the written consent of the City such 120-day period may be extended;

(b) in the case of a Default pursuant to Section 6.01(a)(ii), 6.01(a)(iii), 6.01(b), or 6.01(c) the Borrower and the City receive a written “Notice of Loan Acceleration Default” from the Bank; and

(c) Limited Partner shall have been given all applicable notice and cure periods as set forth in the Loan Agreement.

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 6.02(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 6.02(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 City 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 Bond 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 Bond.

(d) 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 will be payable under the Bond.

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 City, 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 City: City of Colorado Springs, Colorado
30 South Nevada Ave., Suite [____],
Colorado Springs, Colorado 80903
Attention: [_____
Telephone: [_____
Email: [_____]

with copies to: Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202
Attention: Frederic H. Marienthal, Esq.
Telephone: (303) 292-7817
Email: Frederic.Marienthal@KutakRock.com

and

[City Attorney](#)

[30 S. Nevada, Suite 501](#)

[Colorado Springs, CO 80903](#)

to the Bank: U.S. Bank National Association
1307 W. Washington Avenue, Suite 300
St. Louis, Missouri 63103
Attention: Director of LIHTC Asset Management

with a copy to: Kutak Rock LLP
8601 N. Scottsdale Road, Suite 300
Scottsdale, Arizona 85253
Attention: Heather Aeschleman, Esq.
Telephone: 480-429-7173
Email: heather.aeschleman@kutakrock.com

to the Borrower: Atrium Apartments LLLP
[c/o Greccio Housing]
[1015 Pikes Peak Avenue, Suite 110]
[Colorado Springs, CO 80903]
Telephone: [(719) 419-5612]
Email: [LPatke@greccio.org]
Attention: [Lee Patke]

with a copy to: Faegre Drinker Biddle & Reath LLP
1144 15th Street, Suite 3400
Denver, CO 80202
Telephone: (303) 607-3770
Email: william.callison@faegre-drinker.com
Attention: J. William Callison, Esq.

to Borrower's
limited partner: U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
USB Project No: 26852
Attention: Director of LIHTC Asset Management

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Jill Goldstein, Esq.
Telephone: (402) 231-1148
Email: jill.goldstein@kutakrock.com

with a copy to
Borrower's
state credit
partner: U.S. Bank National Association
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
USB Project No: 26852
Attention: Robert Espeland

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Jill Goldstein, Esq.
Telephone: (402) 231-1148
Email: jill.goldstein@kutakrock.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 Borrower may assign to any transferee or any surviving or resulting corporation its rights under this Agreement as provided by Section 5.02 or 5.03 hereof and subject to approval of the Bank, and 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 City. The Bank or the Borrower shall provide the City 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 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 City'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 City of any right or privilege; or (ii) requiring the City or any member of the City Council, official, officer, agent, employee, representative or advisor of the City 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 City's being in violation of the Act 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, any other state or federal law.

Section 7.12. Waiver of Jury Trial. THE BANK, THE CITY 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.

[Remainder of page intentionally left blank]

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

**CITY OF COLORADO SPRINGS,
COLORADO**

[SEAL]

By _____
Mayor

Attest:

By _____
City Clerk

ATRIUM APARTMENTS LLLP,
a Colorado limited liability limited partnership

By: GHU Atrium LLC, a Colorado limited liability company
Its: General Partner

By: Greccio Housing Unlimited, a Colorado not for profit corporation
Its: Sole Member

By: _____
Name: Lee Patke
Title: Executive Director

U.S. BANK NATIONAL ASSOCIATION, a national banking association

By _____
Name: [_____]
Title: [_____]

EXHIBIT A

ADDITIONAL TERMS

I. BONDS

A. Description

Housing or Nonprofit or Nonprofit Housing

If Housing, Tax Credits anticipated

Tax Credits not anticipated

Series: City of Colorado Springs, Colorado, Multifamily Housing Revenue Bonds (Atrium at Austin Bluffs Apartments Project) Series 2020A (the "Series 2020A Bonds") and City of Colorado Springs, Colorado, Multifamily Housing Revenue Bonds (Atrium at Austin Bluffs Apartments Project) Series 2020B (the "Series 2020B Bonds")

B. Dated Date: [____], 2020

C. Maturity: [_____] [To Be Determined, Maturity Date may be less than Mandatory Redemption Date, less than 40 year term]

D. Principal Amount: Series 2020A Bonds: Not to exceed \$[PAR] (Draw-Down Bond); Series 2020B Bonds: Not to exceed \$[PAR] (Draw-Down Bond).

E. Interest Rate: [LIBOR plus 1.95% prior to Conversion]; [____]% after Conversion

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 City or the Bank to secure the Loan, the Bond and the obligations under the Agreement,

Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing encumbering the Facilities, 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.

Bond Purchase, Construction and Convertible Term 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.

(i) Tax-Exempt Construction Loan Note, and (ii) Tax-Exempt Convertible Term Note, each dated the Closing Date, made by Borrower payable to the City in the Principal Amount of \$[PAR] [and assigned to the Bank by the City pursuant to the Allonge thereto].

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

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

Collateral Assignment of Leases and Rents from Borrower to Bank ; 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 Bank; Assignment of Property Manager Agreement executed by Borrower and acknowledged by Manager; Assignment of Partnership Interests, Capital Contributions and Credit executed by Borrower and General Partner, pursuant to which the General Partner of Borrower shall assign all of its right, title and interest as General Partner in Borrower; Replacement Reserve and Security Agreement from Borrower to Bank, and Operating Reserve and Security Agreement from Borrower to Bank.

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: U.S. Bank National Association, a national banking association

H. Closing Date: [____], 2020

I. First Interest Payment Date: [____], 2020

Next Interest Payment Dates: first day of each succeeding month

J. Servicing Reports: If requested, the Bondholder shall report to the City in writing semiannually, within 10 Business Days of each [____]1 and [____]1, the amount of Bonds outstanding as of such [____]1 or [____]1, as appropriate.

Party responsible for bond reporting:

Bank

Paying Agent (_____)

Other

Frequency of bond reporting:

Monthly

Quarterly (calendar quarter basis)

Other

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: [____], 2020

II. LOAN AND NOTE

A. Date: [____], 2020

B. Maturity: Tax-Exempt Construction Loan Note: [____]; Tax-Exempt Convertible Term Note: [____]

C. Principal Amount: Tax-Exempt Construction Loan Note: Not to exceed \$[PARA]; Tax-Exempt Convertible Term Note: Not to exceed \$[PAR]

D. Interest Rate: LIBOR plus 1.95% prior to Conversion and [____]% after Conversion

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

F. Date of City Ordinance: Official Action Date, [____], 2020
 Not applicable

G. Other Accounts: [Operating Reserve and Replacement Reserve] [To Be Determined, may have additional developer fees/doh loans pledged as collateral], all as defined in the Loan Agreement
 Not applicable

H. Bank: Name: U.S. Bank National Association

A national banking association duly organized and validly existing under the laws of the United State 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:

V. APPROVED TRANSFERS

- Applicable
- Not applicable

EXHIBIT B
FORM OF BONDS

No. [__]

\${PAR}[A][B]

City of Colorado Springs, Colorado
Multifamily Housing Revenue Bonds
(Atrium at Austin Bluffs Apartments Project)
Series 2020[A][B]

INTEREST RATE: [__]%

DATED DATE: [____], 2020

MATURITY DATE: [____]

REGISTERED OWNER: U.S. Bank National Association

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

INITIAL DRAW AMOUNT: \${__}

INTEREST PAYMENT DATE: The first day of each month commencing [____], 2020

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 CITY, WITHOUT AN OPINION OF COUNSEL THAT NO VIOLATION OF SAID REGISTRATION PROVISIONS WOULD RESULT THEREFROM AND WITHOUT THE WRITTEN CONSENT OF THE CITY. 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 CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE MONEY AND FACILITIES PLEDGED FOR PAYMENT THEREOF.

THE CITY OF COLORADO SPRINGS COLORADO (the “City”), a public body corporate and politic of the State of Colorado (the “State”), 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 City for cancellation. "Applicable Note Rate" means the rate of interest then payable under the Note (as defined in the Financing Agreement) of the Borrower (as defined below) dated of even date herewith executed by Borrower to the order of the City.

Principal, interest and premium are payable at the times and in the amounts that principal, interest and prepayment 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.

THE BONDS SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), 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 STATE, EL PASO COUNTY, COLORADO (THE "COUNTY"), THE CITY OR ANY POLITICAL SUBDIVISION OF EITHER THE STATE, THE COUNTY OR THE CITY, AND NEITHER THE STATE, THE COUNTY, THE CITY, 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 CITY 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. THE BONDS DO NOT CONSTITUTE A DEBT, LOAN, CREDIT, MORAL OBLIGATION, OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NO AGREEMENTS OR PROVISIONS CONTAINED IN THE FINANCING AGREEMENT NOR ANY AGREEMENT, COVENANT, OR UNDERTAKING BY THE CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS SHALL GIVE RISE TO ANY PECUNIARY LIABILITY OF THE CITY OR A CHARGE AGAINST

ITS GENERAL CREDIT, OR SHALL OBLIGATE THE CITY FINANCIALLY IN ANY WAY, EXCEPT AS MAY BE PAYABLE FROM THE SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT. NO FAILURE OF THE CITY TO COMPLY WITH ANY TERM, COVENANT, OR AGREEMENT CONTAINED IN THE BONDS, THE LOAN DOCUMENTS, OR IN ANY DOCUMENT EXECUTED BY THE CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS, SHALL SUBJECT THE CITY 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 SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MAYOR OF THE CITY, MEMBER OF THE CITY COUNCIL, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS OF THE CITY, OR OF ANY SUCCESSOR THERETO, 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 MAYOR OF THE CITY, CITY COUNCIL MEMBERS, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS, AS SUCH IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

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

This Bond is a duly authorized issue of the City of Colorado Springs, Colorado, Multifamily Housing Revenue Bonds (Atrium at Austin Bluffs Apartments Project) Series 2020 (the "Bonds"), issuable under the Financing Agreement dated [____], 2020 (the "Financing Agreement") by and among the City, U.S. Bank National Association (the "Bank") and Atrium Apartments LLLP, a Colorado limited liability limited partnership (the "Borrower"). The Bonds are issued pursuant to 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 City. 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 City's making of a loan (the "Loan") to finance eligible facilities of the Borrower and to pay certain costs of such financing. The City 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 City, 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 Facilities 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 Facilities 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 Bond 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 premium, if any, 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 penalty in connection with any prepayment of the Note, such prepayment penalty shall be deemed to be payable to the registered owner of this Bond as prepayment premium 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. 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 City 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 premium 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 City's absolute assignment to the Bank of all right, title and interest of the City in the Note, the Security and the other Loan Documents. In the event of any other redemption of the Bond, 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 City 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 City, for the payment for or to the City 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 City upon any of the Bonds (except as expressly provided in any of the other Loan Documents from the City 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 City 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 City 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 City; 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 City of an ordinance duly adopted by the City Council of the City and the Supplemental Public Securities Act, constituting Part 2 of Article 57 of Title 11, Colorado Revised Statutes. It is the intention of the City, 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.

This Bond will not be entitled to any security or benefit under the Financing Agreement, or be valid or become obligatory for any purpose, until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

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

**CITY OF COLORADO SPRINGS,
COLORADO**

[SEAL]

By _____
Mayor

Attest:

By _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Financing Agreement referred to herein.

Date of Authentication: [_____, 2020]

CITY OF COLORADO SPRINGS, COLORADO,
as Registrar

By _____
Authorized Officer

EXHIBIT C

INVESTOR LETTER

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

RE: City of Colorado Springs, Colorado, Multifamily Housing Revenue Bonds
(Atrium at Austin Bluffs Apartments Project) Series 2020

In connection with the purchase by the undersigned (the “Purchaser”) of the captioned bonds (the “Bonds”) issued pursuant to the terms of, and as defined in, the Financing Agreement dated [____], 2020 (the “Financing Agreement”) by and among the City of Colorado Springs, Colorado (the “City”), U.S. Bank National Association (the “Bank”) and Atrium Apartments LLLP, a Colorado limited liability limited partnership (the “Borrower”), to and for the benefit of the Bank relating to the Bonds, the Purchaser hereby certifies for the benefit of the City 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”). Any capitalized term not defined herein shall have the meaning assigned in the Financing Agreement.

The Purchaser hereby further acknowledges, represents, and warrants to, and agrees with, the City 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 City, 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 City 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 City 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 Facilities; and (ii) the City 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 Facilities.

D. THE PURCHASER UNDERSTANDS THAT:

1. THE BONDS SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED UNDER THE FINANCING AGREEMENT (BUT NOT FUNDS RESULTING FROM THE EXERCISE OF THE UNASSIGNED RIGHTS), 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 STATE, EL PASO COUNTY, COLORADO (THE "COUNTY"), THE CITY OR ANY POLITICAL SUBDIVISION OF EITHER THE STATE, THE COUNTY OR THE CITY, AND NEITHER THE STATE, THE COUNTY, THE CITY, 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 CITY 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. THE BONDS DO NOT CONSTITUTE A DEBT, LOAN, CREDIT, MORAL OBLIGATION, OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

2. NO AGREEMENTS OR PROVISIONS CONTAINED IN THE FINANCING AGREEMENT NOR ANY AGREEMENT, COVENANT, OR UNDERTAKING BY THE CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS SHALL GIVE RISE TO ANY PECUNIARY LIABILITY OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT, OR SHALL OBLIGATE THE CITY FINANCIALLY IN ANY WAY,

EXCEPT AS MAY BE PAYABLE FROM THE SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT. NO FAILURE OF THE CITY TO COMPLY WITH ANY TERM, COVENANT, OR AGREEMENT CONTAINED IN THE BONDS, THE LOAN DOCUMENTS, OR IN ANY DOCUMENT EXECUTED BY THE CITY IN CONNECTION WITH THE PROJECT OR THE DELIVERY OF THE BONDS, SHALL SUBJECT THE CITY 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 SECURITY PLEDGED AND ASSIGNED UNDER THE FINANCING AGREEMENT.

3. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE CITY COUNCIL, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS OF THE CITY, OR OF ANY SUCCESSOR THERETO, 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 MEMBERS, OFFICERS, COUNSEL, ATTORNEYS, OFFICIALS, TRUSTEES, MEMBERS, EMPLOYEE, FINANCIAL ADVISORS OR AGENTS, AS SUCH IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

E. The Purchaser understands that in connection with any proposed transfer or exchange of the Bonds, there must be delivered to the City a letter of the transferee to substantially the same effect as this letter or otherwise as permitted under the Financing Agreement.

F. 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.

G. The Purchaser (or in the case of any transferee, such transferee) also understands that it shall indemnify the City as set forth in the Financing Agreement and hereby AGREES TO FURTHER INDEMNIFY THE CITY 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 City in connection with its purchase of the Bonds. The Purchaser is aware of the significance to the City of the foregoing representations, and they are made with the intention that the City 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,

U.S. BANK NATIONAL ASSOCIATION,
Purchaser

By _____
[NAME], [TITLE]

EXHIBIT D
SUBORDINATE DEBT

[INSERT]

EXHIBIT E
LITIGATION

[INSERT]