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**LOAN AGREEMENT**

Dated as of November 1, 2022

between

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY  
OF KANSAS CITY, MISSOURI**

and

**PG/PGN, LP**

Relating to

Not to Exceed

**\$11,000,000**

**Multifamily Housing Revenue Bonds  
(Palestine Gardens Project)  
Series 2022**

of

**Land Clearance for Redevelopment Authority  
of Kansas City, Missouri**

The interests of the Land Clearance for Redevelopment Authority of Kansas City, Missouri, in this Loan Agreement, excluding certain rights retained by the Issuer pursuant to Section 4.06, have been assigned to UMB Bank, N.A., as Trustee.

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but is included only for convenience of reference.)

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## LOAN AGREEMENT

This LOAN AGREEMENT is made and entered into as of November 1, 2022, by and between the LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI, a public body corporate and politic organized and existing under the laws of the State of Missouri and the ordinances of the City of Kansas City, Missouri, and its successors and assigns (the “**Issuer**”), and PG/PGN, LP, a Missouri limited partnership, its successors and assigns (the “**Borrower**”).

### RECITALS:

WHEREAS, the Land Clearance for Redevelopment Authority of Kansas City, Missouri (“**Issuer**”) is a public body corporate and politic created by the Land Clearance for Redevelopment Authority Law, Section 99.300, et seq., R.S.Mo, as amended (“**LCRA Law**”), and is transacting business and exercising the powers granted by the LCRA Law by virtue of Committee Substitute for Ordinance No. 16120, duly passed by the City Council (“**City Council**”) of the City of Kansas City, Missouri (“**City**”) on November 21, 1952.

WHEREAS, the Issuer approved the Oak Park Urban Renewal Plan on November 25, 1968, and determined that the portion of the City located within the Oak Park Urban Renewal Area described in the Oak Park Urban Renewal Plan is blighted and insanitary.

WHEREAS, the City Council initially approved the Oak Park Urban Renewal Plan by Resolution No. 36285, dated January 1, 1969, with respect to the eligibility of the Oak Park Urban Renewal Area (as then described) for urban renewal treatment, by Ordinance No. 36827, passed January 17, 1969, approving the general urban renewal plan for the Oak Park Urban Renewal Area (as then described); and by Ordinance No. 39874, passed July 16, 1971, approving a definitive plan for the Oak Park Urban Renewal Area by Ordinance No. 39874 passed on July 16, 1971, as the Oak Park Urban Renewal Area and the Oak Park Urban Renewal Plan have been subsequently amended and modified, the purpose of which is to eliminate and prevent the spread, development and recurrence of the blighted and insanitary conditions within the Oak Park Urban Renewal Area.

WHEREAS, as part of the Oak Park Urban Renewal Plan, the Issuer approved the 33rd & Montgall Urban Renewal Plan on March 25, 1987, as modified by Resolution No. 88-80 dated October 26, 1988, and as modified by Resolution No. 6-03-06 dated June 28, 2006 (collectively, the “**Urban Renewal Plan**”), and determined that the portion of the City located within the 33rd & Montgall Urban Renewal Area (the “**Urban Renewal Area**”) described in the Urban Renewal Plan is blighted and insanitary.

WHEREAS, the City Council initially approved the Urban Renewal Plan by Ordinance No. 61221 dated September 3, 1987, as modified by Ordinance No. 060807 dated October 26, 2006, the purpose of which is to eliminate and prevent the spread, development and recurrence of the blighted and insanitary conditions within the Urban Renewal Area.

WHEREAS, pursuant to Resolution No. 10-2-21 dated October 27, 2021, the Issuer issued a Request for Proposals for the acquisition and redevelopment of the Palestine Gardens North Apartments located at 3220 Montgall Avenue and the Palestine Gardens Apartments located at 2627 E. 33rd Street within the Urban Renewal Area, as such property is legally described on the

attached Exhibit A (the “Property”), for the preservation and rehabilitation of 118 units reserved for very low-income residents aged 62 and over and other related improvements (the “Project”).

WHEREAS, the Issuer selected PG/PGN, Owner LLC, (or a controlled affiliate) as the redeveloper of the Project pursuant to Resolution No. 11-3-21 on November 30, 2021.

WHEREAS, the Issuer has agreed to assist in the financing of the acquisition, construction and renovation of two existing buildings consisting of Palestine Gardens North Apartments located at 3220 Montgall Avenue and the Palestine Gardens Apartments located at 2627 E. 33rd Street, Kansas City, Missouri, for the preservation and rehabilitation of 118 units reserved for very low-income residents aged 62 and over and other related improvements. (the “Project”), for the Borrower. The Project is located within the 33<sup>rd</sup> & Montgall Urban Renewal Area.

WHEREAS, Palestine Gardens, Inc. and Palestine Gardens North, Inc., are the owners of the Property and have each entered into a Lease with the Borrower for a 99-year term, and

WHEREAS, PG/PGN Owner, LLC has requested the Issuer (i) to issue its Multifamily Housing Revenue Bonds (Palestine Gardens Project) Series 2022 in one or more series in an aggregate principal amount not to exceed \$11,000,000 for the purpose of financing the costs of the construction, rehabilitation, installation and equipping of a multifamily senior housing project known as the Palestine Gardens North Apartments located at 3220 Montgall and the Palestine Gardens Apartments located at 2627 E. 33<sup>rd</sup> Street in the City of Kansas City, Missouri, consisting of the rehabilitation and preservation of 118 low-income senior housing units (the “Project”); and (ii) to loan the proceeds from the sale of such bonds to the Borrower for the purpose of financing the costs of the Project, all in accordance with and pursuant to LCRA Law.

WHEREAS, the Issuer passed and approved Resolution 10-\_\_-22 (the “Resolution”) on October 25, 2022, authorizing the issuance of the Bonds pursuant to a Trust Indenture dated as of November 1, 2022 (the “Indenture”), between the Issuer and UMB Bank, N.A., as Trustee (the “Trustee”) for the above purposes.

WHEREAS, pursuant to the Resolution, the Issuer also designated PG/PGN, LP, a Missouri limited partnership and a controlled affiliate of PG/PGN Owner, LLC, as the redeveloper for the Project upon request of the developer team.

WHEREAS, pursuant to the Resolution, the Issuer is authorized (i) to execute and deliver the Indenture for the purpose of issuing and securing the Bonds, (ii) to enter into this Loan Agreement pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower (the “Loan”) to finance the Project and (iii) to enter into a Land Use Restriction Agreement dated as of [Dated Dated], 2022 (the “Land Use Restriction Agreement”) and the Tax Compliance Agreement dated as of November 1, 2022 (the “Tax Agreement”), each among the Issuer, the Borrower and the Trustee, relating to compliance with certain federal requirements applicable to the Project.

WHEREAS, the Note (defined below) will be secured by the Security Documents.

WHEREAS, the Bonds are being purchased on a draw down basis pursuant to a Bond Purchase Agreement by Legacy Bank & Trust Company, a Missouri chartered bank, Springfield, Missouri, together with any surviving, resulting or transferee corporation and any transferee

Owner of 100% of the principal amount of the Bonds then Outstanding, as shown on the Bond Register (within the meaning of the Indenture) (the “Sole Bondowner”).

WHEREAS, under the terms of this Loan Agreement, the Borrower has agreed to the repayment of the sums borrowed pursuant to this Loan Agreement.

WHEREAS, the Issuer has duly and validly authorized the execution and delivery of this Loan Agreement and the issuance of the Bonds.

## ARTICLE I

### DEFINITIONS, EXHIBITS AND MISCELLANEOUS

**Section 1.01 Definitions.** In this Loan Agreement, the following terms have the following meanings, unless the context clearly requires otherwise, and any other capitalized terms defined in **Section 101** of the Indenture (incorporated herein by this reference as if fully set forth herein) shall have the same meanings when used herein as assigned them in the Indenture unless the context or use thereof indicates another or different meaning or intent: “**Additional Charges**” has the meaning as set forth in **Section 4.03**.

“**Affiliate**” of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling 10% or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, general partner or trustee, any corporation, partnership or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, general partner, trustee or holder of 10% or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” or “**Loan Agreement**” means this Loan Agreement by and between the Issuer and the Borrower, as the same may from time to time be amended or supplemented as provided herein and in the Indenture.

“**Authorized Representative**” means, with respect to the Borrower, the Authorized Borrower Representative, as evidenced by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by its manager/managing member (the certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative).

“**Basic Payments**” means the amounts specified pursuant to 0.

“**Completion Certificate**” has the meaning set forth in **Section 403** of the Indenture.

*“Completion Date” means the Project has been fully completed pursuant to the Redevelopment Contract as designated by the Borrower pursuant to the Completion Certificate.*

*“Continuing Covenants Agreement” between Borrower and Sole Bondowner dated the Issue Date and any amendments, modifications, replacements, and restatements thereof.*

*“Deed of Trust” means that certain Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement by Borrower in favor of Trustee, as mortgage trustee, for the benefit of the Sole Bondowner dated the Issue Date and any amendments, modifications, replacements, and restatements thereof.*

*“Default Rate” means the interest rate announced from time to time by the Trustee as its “prime rate” or “base rate” on commercial loans (which interest rate shall fluctuate as and when the prime rate or base rate changes), plus 4%.*

*“Event of Default” means any event or occurrence set forth in **Section 9.01**.*

*“Fiscal Year” means the Fiscal Year of the Borrower from time to time, initially January 1 through December 31.*

*“Land Use Restriction Agreement” means the Land Use Restriction Agreement, dated as of November 1, 2022, by and among the Borrower, the Issuer and the Trustee.*

*“Management Agreement” means the Management Agreement with respect to the Project between the Borrower and the Manager, together with all extensions, modifications, amendments and renewals.*

*“Note” means Promissory Note dated the Issue Date, from the Borrower payable to the order of the Issuer, which the Issuer has endorsed, without recourse, to the Trustee, in the form specified in **Exhibit B**, evidencing the loan of the proceeds of the Bonds to the Borrower.*

*“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of PG/PGN, LP dated as of \_\_\_\_\_, 2022, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor.*

*“Premises” means the real estate described in **Exhibit A**.*

*“Project Documents” means the documents listed in **Section 3.04**.*

*“Redevelopment Contract” means the Redevelopment Contract dated the Issue Date between the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.*

*“Requisition” means a requisition submitted by the Borrower requesting disbursements in substantially the form of Exhibit B, to the Indenture.*

“**Security Agreement**” means that certain Security Agreement (Assignment of Partnership Interest and Capital Obligations by Borrower in favor of Trustee for the benefit of the Sole Bondowner and any amendments, modifications, replacements, and restatements thereof.

“**Security Documents**” means the Deed of Trust, Assignments of Leases and Rents and Assignment of Capital Contributions.

“**Security Documents**” means the Deed of Trust, the Security Agreement, and any other document or instrument entered into by Borrower in favor of the Trustee or Sole Bondowner the purpose of which is to secure Borrower’s obligations under this Agreement, the Note, and/or the Continuing Covenants Agreement.

**Section 1.02 Rules of Interpretation.**

(1) This Loan Agreement shall be interpreted in accordance with and governed by the laws of the State.

(2) The words “herein”, “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Loan Agreement as a whole rather than to any particular section or subdivision of this Loan Agreement.

(3) References in this Loan Agreement to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Loan Agreement as originally executed.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(5) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Loan Agreement, and shall not define or limit the provisions hereof.

(6) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(7) Words importing person shall include partnerships, limited liability companies, associations and corporations, including public bodies, as well as natural persons.

(8) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Loan Agreement.

(9) Any opinion of counsel required hereunder shall be a written opinion of such counsel.



(10) In the event that additional general partners are admitted to the Borrower, references herein to the General Partner or “general partner” shall be deemed to refer to, and be binding upon, each general partner of the Borrower.

## ARTICLE II

### REPRESENTATIONS OF ISSUER AND BORROWER

**Section 2.01. Representations by the Issuer.** The Issuer represents and agrees as follows: The Issuer is a public body corporate and politic created by the LCRA Law and is transacting business and exercising the powers granted by the LCRA Law by virtue of Committee Substitute for Ordinance No. 16120, duly passed by the City Council (“City Council”) of the City of Kansas City, Missouri (“City”) on November 21, 1952.

(b) The Issuer has lawful power and authority under the LCRA Law to enter into the transactions contemplated by this Loan Agreement, the Indenture, the Land Use Restriction Agreement and the Tax Agreement and to carry out its obligations hereunder and thereunder. By proper action of its members, the Issuer has been duly authorized to execute and deliver this Loan Agreement, the Indenture, the Land Use Restriction Agreement and the Tax Agreement acting by and through its duly authorized officers.

(c) The execution and delivery of this Loan Agreement, the Indenture, the Land Use Restriction Agreement and the Tax Agreement, the consummation of the transactions contemplated hereby and thereby, and the performance of or compliance with the terms and conditions of this Loan Agreement, the Indenture, the Land Use Restriction Agreement and the Tax Agreement will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any restriction or any agreement or instrument to which the Issuer is a party or by which it or any of its property is bound, or, to the best of the Issuer’s knowledge, or cause the Issuer to be in violation of any order, rule or regulation of any court or governmental body applicable to the Issuer or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement to which the Issuer is a party.

(d) The financing of the Project will further the public purposes of the LCRA Law.

(e) To the knowledge of the Issuer, no member of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in the Borrower or the Project or in the transactions contemplated hereby.

### **Section 2.02. Representations, Covenants and Warranties of the Borrower.**

(a) The Borrower (i) is a limited partnership duly organized, validly existing and in good standing under the laws of the State, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted (and as now contemplated by this Loan Agreement, the Note, the Continuing Covenants Agreement, the Land Use Restriction Agreement, the Tax Agreement and the Security Documents), and (iii) has the full legal right, power and authority to execute and deliver this Loan Agreement, the Note, the Continuing Covenants Agreement, the Land Use Restriction Agreement, the Tax Agreement and the Security

Documents to which it is a party and to perform all the undertakings of the Borrower thereunder. The General Partner is a limited liability company duly organized, validly existing and in good standing under the laws of the State.

(b) The execution, delivery and performance of this Loan Agreement, the Note, the Land Use Restriction Agreement, the Continuing Covenants Agreement, the Tax Agreement and the Security Documents to which it is a party by the Borrower, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Partnership Agreement, any restriction or any agreement or instrument to which the Borrower (or the General Partner) is now a party or by which it or the General Partner is bound or to which any property of the Borrower or the General Partner is subject, and do not and will not constitute a default under any of the foregoing, or to the best of the Borrower's knowledge cause the Borrower or the General Partner to be in violation of any order, decree, statute, rule or regulation of any court or any state or federal regulatory body having jurisdiction over the Borrower or the General Partner or their properties, including the Project, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Borrower or the General Partner contrary to the terms of any instrument or agreement to which the Borrower or the General Partner is a party or by which they are bound.

(c) The use of the Project will comply in all material respects, with all presently applicable zoning, development, pollution control, water conservation, environmental and other laws, regulations, rules and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Project is located; the Borrower has or will timely obtain all necessary and material approvals of and licenses, permits, consents and franchises from federal, state, county, municipal or other governmental authorities having jurisdiction over the Project to acquire and operate the Project and to enter into, execute and perform its obligations under this Loan Agreement, the Note, the Land Use Restriction Agreement, the Continuing Covenants Agreement, the Security Documents to which it is a party, and the Tax Agreement.

(d) The Borrower will own and operate the Project in accordance with all applicable federal, state and local laws, ordinances and regulations and all agreements and instruments to which it is a party.

(e) Borrower will observe and perform all obligations imposed on Borrower in connection with the LIHTC, including the obligation to have the Property "placed in service" (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Property, and to use Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes and regulations governing the LIHTC.

(f) Upon request therefor, Borrower will promptly deliver to the Trustee and/or the Sole Bondowner true and correct copies of all notices or other documents or communications received or given by Borrower with regard to or relating in any way to Borrower's partnership interests and/or the Tax Credits, the basis audit (as required by Section 42 and/or Section 47 of the Code) for the Property (including a certificate of Borrower's accountant or attorneys if requested);

the first annual income certification for all tenants of the Property showing that the tenants are qualified for purposes of Borrower's obtaining the LIHTC, and the fully completed Form 8609 (required by the Code) issued for the Property.

(g) There are no actions, suits, proceedings or inquiries or investigations at law or in equity pending or, to the knowledge of the Borrower, overtly threatened in writing against the Borrower or the General Partner or any property of the Borrower or the General Partner in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to the Borrower or the General Partner, would have a material adverse effect upon the Borrower or a General Partner or upon the business or properties of the Borrower or the General Partner, upon their power, authority and right to enter into this Loan Agreement, the Note, the Land Use Restriction Agreement, the Continuing Covenants Agreement, the Security Documents to which they are a party, or the Tax Agreement, or upon the acquisition, construction and equipping of the Project. Neither the Borrower nor the General Partner is in default with respect to any order of any court or governmental agency.

(h) The Borrower (i) is not in default in the payment of the principal of or interest on any indebtedness for borrowed money; and (ii) is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued. The General Partner (i) is not in default in the payment of the principal of or interest on any indebtedness for borrowed money; and (ii) is not in material default under any material instrument or agreement under and subject to which any indebtedness for borrowed money has been issued.

(i) The Borrower has filed all federal and state income tax returns which, to the knowledge of the General Partner of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by it to the extent that they have become due.

(j) The Borrower has reviewed the provisions of the Indenture. By the execution and delivery of this Loan Agreement and the Note, the Borrower approves the Indenture and agrees to be bound by all provisions thereof applicable to the Borrower.

(k) To the best of the Borrower's knowledge, no member of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in the Borrower or the Project or in the transactions contemplated hereby.

(l) The Borrower will not discriminate on the basis of race, creed, color, religion, sex, age, handicap, sexual orientation or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(m) The Borrower will not:

(i) except pursuant to the provisions of this Loan Agreement, the Note, and Permitted Encumbrances as defined in the Deed of Trust or except upon a sale, transfer or conveyance of the Project in accordance with the terms of this Loan Agreement, the Note, and the Land Use Restriction Agreement, permit the sale, transfer, conveyance or encumbrance of the Project or any part thereof during the effective term of this Loan

Agreement, the Note, and the Land Use Restriction Agreement, provided this covenant shall not apply to any encumbrance, conveyance or transfer in connection with a sale, transfer or other conveyance of the Project that complies with the requirements of this Loan Agreement, the Note, and the Land Use Restriction Agreement;

(ii) except in connection with the renovation of the Project, demolish any part of the Project or substantially remove from the Project any real or personal property except for the replacement of personal property with personal property performing substantially the same function; or

(iii) permit the use of any dwelling unit for any purpose other than rental housing during the term of this Loan Agreement, the Note, and the Land Use Restriction Agreement (except for any unit used as a management office or any other use directly related to the operation of the Project and as may be authorized under Section 142(d) of the Code and the Land Use Restriction Agreement).

(n) The Borrower has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Loan Agreement and the Note are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(o) The covenants, representations and warranties of the Borrower in the Land Use Restriction Agreement are true and correct and are incorporated herein by reference and made a part of this Loan Agreement and the Note.

(p) The Borrower acknowledges that the Issuer has made no independent investigation of the matters with respect to which the Borrower has made the representations and warranties set forth in this Section.

**Section 2.03. Tax Exemption; Tax Agreement and Land Use Restriction Agreement.**

The Borrower hereby covenants, represents and agrees as follows: not to take any action or omit to take any action, with respect to this Loan Agreement or the Project that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(b) to the extent it is able, to take such action or actions, including amendment of the Land Use Restriction Agreement or the Tax Agreement, as may be necessary in the Opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(c) to file of record such documents and take such other steps as are necessary in order to assure that the requirements and restrictions of the Land Use Restriction Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Land Use Restriction Agreement in the real property records of Kansas City, Missouri;

(d) to include the requirements and restrictions contained in the Land Use Restriction Agreement in any deed or other documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by such restrictions, and to obtain the agreement from any transferee so to abide; and

(e) to provide to the Issuer and the Trustee written notice of any action (other than actions in its ordinary course of business) which impacts the Issuer's rights under this Loan Agreement, the Tax Agreement or the Land Use Restriction Agreement.

### **ARTICLE III ISSUANCE OF BONDS; FINANCING OF PROJECT**

**Section 3.01. Issuance of Bonds.** The Issuer has contracted for the sale of the Bonds authorized by the Indenture, and the Borrower has approved and does approve the terms of the Bonds. Upon execution of this Loan Agreement, the Land Use Restriction Agreement, the Continuing Covenants Agreement, the Security Documents, the Tax Agreement and the Indenture, or as soon thereafter as practicable, the Issuer will execute the Bonds and cause them to be authenticated by the Trustee and delivered to the original purchaser or to its order upon payment of the purchase price and filing with the Trustee of the Opinion of Bond Counsel as to the legality of the Bonds and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bonds will be deposited with the Trustee and disbursed in accordance with Article IV of the Indenture.**Section 3.02 [Reserved.]**

#### **Section 3.03. Use of Proceeds; Completion of the Project.**

(a) The proceeds of the Bonds loaned to the Borrower shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in this Loan Agreement and the Security Documents. As provided in the Indenture, the Trustee shall not make any disbursement from the Project Fund in any amount in the event that the Trustee has not received the items required to be delivered to the Trustee in accordance with **Section 208** of the Indenture.

(b) The Borrower shall cause the acquisition, rehabilitation, improvement and equipping of the Project to be diligently and continuously pursued and to be completed with reasonable dispatch, and to provide (from its own funds if required) all moneys necessary to complete the acquisition and rehabilitation of the Project substantially in accordance with the plans and specifications for the Project.

(c) The Borrower agrees to comply with all of the provisions set forth in the Indenture with respect to the completion of the Project and to perform all obligations of the Borrower set out in the Indenture.

(d) The Borrower, within 45 days after the completion of the Project, shall deliver to the Trustee the Completion Certificate signed by the Authorized Borrower Representative.

(e) After payment by the Trustee of all Requisitions tendered to the Trustee under the provisions of **Section 403** of the Indenture and after receipt by the Trustee of the Completion Certificate, the balance of moneys in the Project Fund shall be transferred and applied as provided in **Section 403** of the Indenture.

**Section 3.04 Project Documents.** The Borrower, at its own cost and expense, shall maintain in its files and available for inspection by the Issuer, the Trustee, the Sole Bondowner, and their attorneys and agents, upon request and at reasonable times, copies of the following

documents at such time as such documents become available and in any event by the time work is commenced on the portion of the Project to which they relate: **Plans and Specifications.** All available preliminary and final plans and specifications for the Project.

(b) **Construction Contracts.** All architect's and general contractor's contracts for the Project and all prime subcontractor's contracts and purchase orders for any equipment included in the Project.

(c) **Licenses and Permits.** All required licenses and permits to acquire, construct and occupy the Project and to operate the existing facilities of the Borrower.

(d) **Title Insurance.** Standard ALTA mortgage loan policies of title insurance, or commitments therefor, showing the Trustee as insured party, with respect to the Premises and the Borrower's leasehold interest, together with an endorsement equivalent to ALTA 9, in an aggregate amount not less than the principal amount of the Bonds, which policy or policies shall insure that the Borrower holds good and marketable title to the Project and the Trustee has a first lien on the Premises pursuant to the Deed of Trust, subject only to permitted encumbrances described in the Deed of Trust.

(e) **Environmental Audit.** A phase I environmental audit of the Project with a reliance letter in favor of the Issuer and the Trustee for the benefit of the Bondholder.

(f) **Insurance.** Certificates of insurance demonstrating compliance with the provisions of Section 5.05 hereof.

**Section 3.05 Enforcement of Contracts and Surety Bonds.** In the event of a material default of any contractor or subcontractor under any construction contract or any other contract made in connection with the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Borrower will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the Borrower against the contractor or subcontractor in default and against any surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the Borrower of any amounts theretofore paid by the Borrower and not previously reimbursed to the Borrower for correcting or remedying of the default which gave rise to the proceedings against the contractor, subcontractor or surety, shall be paid into the Project Account of the Project Fund if received before the Completion Date, and otherwise shall be paid to the Borrower.

**Section 3.06. No Warranty by Issuer. The Borrower recognizes that, because the components of the Project have been or will be designated and selected by the Borrower, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER.**

**IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.**

**Section 3.07 Payment of Costs of Issuance.** The Borrower agrees that it will provide, or cause to be provided, any and all funds required for the prompt and full payment of all Costs of Issuance.**Section 3.08. Termination of Existing Liens or Security Interests.** Concurrently with the execution of this Loan Agreement, the Borrower shall make provisions for termination of any and all existing liens and security interests, including without limitation, any debts or other obligations secured thereby, with respect to the Project (including, without limitation, any and all agreements executed in connection with prior financings), except for Permitted Encumbrances (within the meaning of the Deed of Trust).

#### **ARTICLE IV THE LOAN, BASIC PAYMENTS AND ADDITIONAL CHARGES**

**Section 4.01 The Loan.** The Issuer agrees, upon the terms and conditions herein specified, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds, excluding accrued interest, if any, by causing the proceeds to be deposited with the Trustee for disposition as provided in this Loan Agreement and the Indenture. The amount of the Loan from the Bonds is not to exceed \$11,000,000. The obligation of the Issuer to make the Loan is fully discharged upon the deposit of the proceeds of the Bonds with the Trustee. The Loan is evidenced by the Note.

#### **Section 4.02. Basic Payments.**

(a) Subject to the Borrower's right of prepayment granted in Section 8.02, the Borrower agrees to repay the Loan by making Basic Payments in the following priority order, in immediately available funds at the Administrative Office of the Trustee:

- (i) on each Interest Payment Date, an amount equal to the amount of interest becoming due and payable on the Bonds on the Interest Payment Date;
- (ii) on each Interest Payment Date, an amount equal to the principal due and payable on the Bonds by maturity, mandatory redemption or otherwise;
- (iii) on the date required by this Loan Agreement or the Indenture, the amount of any Net Proceeds or other moneys required to redeem Bonds then Outstanding if Bonds are called for redemption under the Indenture.

The amount of each Basic Payment will be reduced by the amount of the credit for earnings on amounts in the Bond Fund as set forth in a written notice from the Trustee to the Borrower in accordance with **Section 413** of the Indenture and amounts transferred from the Project Fund under **Section 403** of the Indenture and applied to the payment of regularly scheduled interest on the Bonds.

(b) If any moneys remain in the Bond Fund after the payment of the principal of and interest on the Bonds on an Interest Payment Date, the surplus, to the extent not applied to make up any deficiency in any Basic Payments or Additional Charges, shall be applied to the Basic Payment next due under this Section.

(c) The Trustee will deposit the Basic Payments in the Bond Fund. If the Borrower fails to make any of the payments required in this Section within any grace period provided in the Note, the item so in default shall continue as an obligation of the Borrower from the date originally due until the amount in default shall have been fully paid by the Borrower, and the Borrower agrees to pay the same with interest thereon (including to the extent permitted by law, interest on overdue installments of interest) at the Default Rate.

(d) Any sums set aside in an account of the Bond Fund to prepay Bonds will constitute a credit against Basic Payments required to be made under subsection (a) with respect to the Bonds designated to be prepaid, provided notice of redemption of such Bonds shall not have been given by the Trustee.

(e) Borrower shall deposit or cause to be deposited in the Bond Fund the amount of any installment of the Limited Partner's and/or the State Limited Partner's capital contribution to the Borrower, to be made pursuant to the Partnership Agreement, and any subsequent installments thereof as necessary to pay the mandatory amount due on the Conversion Date, within 5 days of receipt of any proceeds of such installment.

**Section 4.03. Additional Charges.** The Borrower agrees to pay, when due, in immediately available funds at the Administrative Office of the Trustee, all costs and expenses incurred in connection with the Bonds (the "Additional Charges"), including without limitation, each and all of the following:

(a) on demand, for deposit in the Rebate Fund the amount of arbitrage rebate to the extent of any deficiency in the Rebate Fund;

(b) to the Trustee, on the 15th day of each month, on demand, the Ordinary Trustee Fees and the Trustee's Extraordinary Fees and Expenses and other charges and expenses of the Trustee and the Rebate Analyst, for deposit to the Expense Fund;

(c) to the Trustee, for deposit to the Expense Fund, on the 15th day of each month, (A) all reasonable expenses (including legal fees) and expenses directly incurred by the Issuer to exercise its rights under this Loan Agreement following an Event of Default; (B) all other reasonable expenses incurred by the Issuer in relation to the Project which are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement, but which are otherwise required to be paid under the Redevelopment Contract, including, without limitation, the \$1,500 Annual Administrative Fee of the Authority under the Funding Agreement (as defined



in the Redevelopment Contract) payable on each anniversary of the Issue Date during the term of the Bonds and other fees and expenses payable by the Borrower under the Funding Agreement; and (C) all indemnity payments required to be made under **Section 7.03** or the Redevelopment Contract;

(d) to the Trustee, interest on all payments not made to the Trustee or the Issuer, respectively, under this **Section 4.03** when due, at the Default Rate; and

(e) to the Trustee, on demand, the cost of printing, preparing and delivering any Replacement Bonds under the Indenture.

**Section 4.04. Borrower's Obligations Unconditional.** All Basic Payments and Additional Charges and all other payments required of the Borrower under this Loan Agreement shall be paid without notice or demand (except as provided in **Section 4.03**) and without setoff, counterclaim, or defense for any reason and without abatement or deduction or defense (except for a defense based on prepayment pursuant to **Section 8.02**). The Borrower will not suspend or discontinue any such payments, fail to perform or observe any of its other agreements in this Loan Agreement, or, except as expressly permitted in Section 8.04, terminate this Loan Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or the Borrower's business, the taking of the Project or the Borrower's business by condemnation or otherwise, the lawful prohibition of the Borrower's use of the Project or the Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Loan Agreement, the lack of right, power or authority of the Issuer to enter into this Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer, the Manager or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Basic Payments, the Additional Charges and other amounts payable by the Borrower shall be paid in full when due without any delay or diminution whatever.**Section 4.05. Borrower's Remedies.** Nothing contained in this Article will be construed to release the Issuer from the performance of any of its agreements in this Loan Agreement. If the Issuer fails to perform any agreements, the Borrower may institute any action against the Issuer as the Borrower may deem necessary to compel such performance so long as such action shall not violate the Borrower's agreements in **Section 4.04** or diminish or delay the amounts required to be paid by the Borrower pursuant to **Sections 4.02** and **4.03**. The Borrower, however, acknowledges and agrees that any pecuniary obligation of the Issuer created by or arising out of this Loan Agreement is subject to **Section 10.08** of this Loan Agreement and is payable solely out of the proceeds derived from this Loan Agreement; the sale of the Bonds; any insurance and condemnation awards; or amounts received upon the sale or other disposition of the Project upon a default by the Borrower or otherwise.

**Section 4.06. Assignment of Issuer's Rights.** As security for the payment of the Bonds, the Issuer will pledge the amounts payable hereunder and assign, without recourse or liability, to the Trustee, the Issuer's rights under this Loan Agreement and the Note, including the right to

receive payments hereunder (except the right to receive payments, if any, under **Sections 4.03(c)** and **(d)**, **7.03** and **9.05**, collectively, the “Unassigned Issuer’s Rights”) and hereby directs the Borrower to make said payments directly to or upon the order of the Trustee or as otherwise provided herein. The Borrower assents to such assignment and will make payments under this Loan Agreement directly to or upon the order of the Trustee without defense or setoff by reason of any dispute between the Borrower and the Trustee or the Issuer.

#### **Section 4.07. Gross Revenues Upon Event of Default.**

(a) Upon a Loan Agreement Payment Default and the Borrower’s and the Trustee’s receipt of the written direction from the Sole Bondowner that the provisions of this Section and **Sections 409** and **410** of the Indenture are to be implemented, the Borrower or the Manager, as applicable, will deposit all Gross Revenues immediately upon receipt with the Trustee for deposit into the Revenue Fund.

(b) Concurrently with the transfer of Gross Revenues to the Trustee pursuant to this Section, on the 15th day of each month the Borrower will submit to the Trustee a Requisition for 100% of the costs of taxes and insurance and the Borrower will submit to the Trustee a Requisition for 100%, or, if necessary, up to 110%, of the amount set forth in the Annual Budget as other Operating Expenses. The Trustee will remit this amount to the Borrower on the 11th day of each month. On or before the 15th day of each calendar month, commencing with the 15th day of the month following the implementation of this Section, the Borrower will file with the Trustee a written statement setting forth (i) the total amount of Operating Expenses requisitioned by the Borrower during the previous calendar month and (ii) the difference in total amount between 100% of the Annual Budget for Operating Expenses in the preceding calendar month and 110% of such amount requisitioned which has not been used by the Borrower for Operating Expenses during such month. The Trustee will credit the amount of the difference as calculated pursuant to (ii) above against the Borrower’s Requisition for Operating Expenses for the current month. The Borrower covenants that any Gross Revenues requisitioned pursuant to this paragraph will be spent only for Operating Expenses and any amount, until so spent, will be invested only in Qualified Investments. To the extent there are Annual Budget overruns, the Trustee shall disburse moneys, pursuant to Section 408(b) of the Indenture as the SEVENTH priority, to the Borrower for the payment of same in an amount not to exceed \$25,000 annually (or any higher amount approved in writing by the Sole Bondowner).

(c) The Trustee will deposit into the Revenue Fund any amounts deposited with the Trustee by the Borrower or the Manager under this Section and shall invest such moneys in accordance with the Indenture.

(d) The Borrower hereby grants to the Trustee a security interest in all accounts established pursuant to this Section. The Borrower shall execute or cause to be filed Uniform Commercial Code financing statements, shall execute and cause to be sent, to each bank in which Gross Revenues are deposited, a notice of this security interest granted to the Trustee and shall execute and deliver such other documents (including, but not limited to, continuation statements) as may be necessary, or reasonably requested by the Trustee or the Sole Bondowner, in order to perfect or maintain as perfected such security interest or give public notice thereof. The Borrower shall file or cause to be filed continuation statements prior to the expiration thereof.

## ARTICLE V

### PROJECT COVENANTS

#### Section 5.01. Title, Operation and Maintenance.

(a) The Issuer and the Trustee are not under any obligation to operate, maintain or repair any portion of the Project. The Borrower agrees, at its own expense, or cause the Manager, to: (i) keep the Project in safe repair and in such operating condition as is needed for its operations; (ii) make all necessary repairs and replacements to the Project (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); (iii) operate the Project in a sound and economic manner in accordance with usual business practice, but subject to the LIHTC program requirement; and (iv) subject to subsection (e) below, operate the Project in compliance with all applicable zoning laws and laws regulating construction, occupancy or maintenance of property of a character included in the Project.

(b) The Borrower will pay all expenses of the operation and maintenance of the Project, and all taxes and special assessments levied upon or with respect to the Project that will be the responsibility of the Borrower, all in conformance with and subject to the provisions, including any good faith contest provisions, of the Security Documents.

(c) If the Borrower shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Loan Agreement or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Project in good repair and good operating condition and make all necessary repairs and replacements to the Project, the Issuer or the Trustee, with prior written notice to the Borrower, may (but shall be under no obligation to) contract for the required policies of insurance and pay the premiums on the same or, after 30 days prior written notice to the Borrower, make any required repairs, renewals and replacements; and the Borrower agrees to reimburse the Issuer or the Trustee to the extent of the amounts so advanced, with interest thereon at the Default Rate from the date such amount was advanced until paid by the Borrower.

(d) The Borrower will obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other changes to part or all of the Project and irrespective of the cost of making the same.

(e) The Borrower may in good faith contest the validity or the applicability of any law, ordinance, rule or regulation if failure to comply with the requirement does not materially and adversely affect the lien of each Security Document or subject the Project to loss or forfeiture.

(f) The Borrower agrees to use reasonable efforts not to permit or suffer others to commit a nuisance in or about the Project or themselves commit a nuisance in connection with their use or occupancy of the Project.

**Section 5.02. Sale or Lease of Project.** Except as provided in (f) hereof and Section 2.3 of the Deed of Trust, and subject to the further provisions of this Section and Permitted Encumbrances, the Borrower will not lease the Project, in whole or in part, nor sell, mortgage, assign or otherwise encumber its interests in the Project, in whole or part, without the prior written consent of the Issuer and the Sole Bondowner. No lease, sale, assignment or encumbrance will be permitted if the effect thereof (i) would be to adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes or the Project's eligibility for the Tax Credits, or (ii) would release the Borrower of any of its obligations under this Loan Agreement (except as otherwise provided in (f)). Before any lease (except a lease to residential or commercial tenants in the normal course of business), sale, assignment or encumbrance of the Project, the Borrower shall cause to be delivered to the Trustee an Opinion of Bond Counsel, addressed to the Trustee and in form and substance satisfactory to it, stating in effect that such lease, sale, assignment or encumbrance will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Borrower shall give at least 60 days' notice to the Trustee and the Issuer of any such lease, sale, assignment or encumbrance, unless the Trustee and the Issuer waive the 60-day notice in writing. The Limited Partner, however, may transfer its limited partnership interest as provided in Section 7.04(e) without any prior notice or consent.

**Section 5.03. Advances.** The Borrower acknowledges and agrees that under this Loan Agreement, the Indenture and the Security Documents, the Trustee or the Issuer may, but shall be under no obligation to, take certain action and make certain advances relating to the Premises from certain funds held under the Indenture or otherwise, or to certain other matters as expressly provided therein, and the Borrower shall be obligated to repay all such advances on demand of the Issuer or the Trustee, respectively, with interest at the Default Rate from the date such advance was made.

**Section 5.04. Alterations to Project and Removal of Project Equipment.** The Borrower shall not, except as provided in the Security Documents or the Project Documents, or permit the Borrower's tenants to remodel or make any additions, modifications, alterations, improvements or changes (collectively referred to as "alterations") in or to the Project or remove any equipment therefrom. However, no alteration or removal will be made if to do so would impair the character of the Project as a qualified residential rental project participating in programs established in Section 142(d) of the Code or a certified rehabilitation project under Section 47 of the Code.

**Section 5.05. Insurance.** The Borrower shall procure and continuously maintain, or cause to be procured or maintained, policies of insurance with respect to the Project insuring against such risks and in such amounts as are required by Section 3.10 of the Deed of Trust.

**Section 5.06. Annual Budget; Operating Covenants.**

(a) The Borrower shall deliver or cause the Manager to deliver to the Trustee and the Issuer (at its written request), not later than the 60<sup>th</sup> day preceding each Fiscal Year, its proposed budget for the Fiscal Year, which shall include all proposed Operating Expenses, capital expenditures and Basic Payments with respect to the Project, together with rents and other income projected to be produced by the Project. The Annual Budget may be amended from time to time by the Borrower, with the written consent of the Manager, or by the Manager, with the written

consent of the Borrower. A copy of the Annual Budget or any amendment thereto shall be promptly provided to the Trustee, the Issuer (at its written request) and the Sole Bondowner following adoption.

(b) The Borrower may terminate the Management Agreement or any successor agreement or agreements and designate a successor. The Trustee and the holders of a majority of the Bond Obligation shall have the right to terminate for cause the Management Agreement or any successor agreement or agreements. Any successor Manager must be of equal reputation and ability as its predecessor and must be approved by the holders of a majority in aggregate principal amount of the Bonds Outstanding. The Borrower shall provide written notice of any termination and the identity of the proposed successor Manager to the Trustee and the Sole Bondowner. The Borrower shall provide notice to the Trustee of any significant change in the Manager or any successor Manager's financial status and the Trustee shall give prompt notice of the same to the Bondowners. The Management Agreement and any successor management agreement and the fees thereunder shall be subordinate to the Deed of Trust and the rights of the Trustee under the Deed of Trust, the Loan Agreement and the Assignment of Project Documents. The Management Agreement and any successor management agreement shall provide that the Manager may not resign without the prior approval of the holders of a majority in aggregate principal amount of the Bonds Outstanding and that the Manager may be removed by the Trustee, at the written direction of the holders of a majority in aggregate principal amount of the Bonds Outstanding, upon the occurrence of an Event of Default.

#### **Section 5.07. Financial Statements; Other Information.**

(a) The Borrower will furnish each year to the Trustee, the Issuer (at its written request) and the Sole Bondowner a copy of the annual audit and any other audit of the Project, prepared by a certified public accountant or firm of certified public accountants, showing the annual income and expenses relating to the Project and a balance sheet for the Borrower. The audit shall be certified by the Authorized Representative of the Borrower as being true, correct and complete. Each audit shall be due on or before 120 days following the close of each Fiscal Year. The Trustee has no duty to review or analyze the financial statements and will hold the financial statements solely as a repository for the benefit of the Bondholders. The Trustee will not be deemed to have notice of any information contained in the financial statements or event of default that may be disclosed in the financial statements in any manner.

(b) At the time each of the Borrower causes to be furnished the annual financial statements required by subsection (a), the Borrower will furnish to the Trustee a certificate, executed by an Authorized Representative of the Borrower declaring that during the same Fiscal Year covered by the statements and continuing to the date of execution of the certificate, the Borrower has fully complied with the terms and conditions of this Loan Agreement, the Land Use Restriction Agreement, the Tax Agreement and the Security Documents to which it is a party.

(c) The Borrower will furnish to the Trustee, the Issuer (at its written request) and the Sole Bondowner, within 30 days after the end of each fiscal year, unaudited financial statements of the Project for the year, showing the income and expenses relating to the Project and a balance sheet for the Borrower, together with summaries of occupancy that include the current year and the trailing twelve months with a schedule of move-ins and move-outs. The annual statements shall be certified by the Authorized Representative of the Borrower, as applicable, as being true,

correct and complete, subject to year-end adjustments. Such financial statements are due on or before 30 days following the close of each Fiscal Year.

(d) Until the Conversion Date (as defined in the Indenture), the Borrower will furnish each month to the Trustee, the Issuer (at its written request) and the Sole Bondowner monthly unaudited operating statements, including a construction budget summary, certified by the Authorized Borrower Representative as being true, correct and complete, subject to year-end adjustments, and monthly summaries of occupancy that include the current month and the trailing twelve-months with a schedule of move-ins and move-outs. Each monthly operating statement and occupancy summary is due within 30 days after the end of the applicable calendar month.

(e) The Borrower will furnish to the Trustee, the Issuer (at its written request) and the Sole Bondowner (i) up to and including the Completion Date, each report of the inspecting architect pursuant to its agreement with the Borrower and (ii) a copy of the asset management report prepared by or on behalf of the investment partnership.

## ARTICLE VI.

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 6.01. Damage and Destruction.** If the Project is damaged or destroyed by fire or other casualty, the Borrower shall restore the Project, the Borrower will not prepay the Loan and the Borrower will not take any other action, unless such action is required or permitted by the Security Documents, the Indenture or this Loan Agreement.

**Section 6.02. Condemnation.** If there are any Outstanding Bonds when the Project or any part thereof is taken by condemnation, the Borrower shall restore the Project, the Borrower will not prepay the Loan and the Borrower will not take any other action, unless such action is required or permitted by the Security Documents, the Indenture or this Loan Agreement. **Section 6.03. Parties to Give Notice.** In the case of material damage to or destruction of all or any part of the Project, the Borrower shall give prompt notice thereof in the manner provided in Section 10.02. In the case of a taking or proposed taking of all or any part of the Project by condemnation, the party hereto upon which notice of such taking or proposed taking is served shall give prompt notice in the manner provided in Section 10.02. Any such notice shall describe generally the nature and extent of such damage, destruction, taking or proposed taking.

**Section 6.04. Optional Prepayment Upon Casualty or Condemnation.** The Borrower shall have the option to prepay the Loan in whole or in part and cause the redemption of the Bonds in accordance with Section 301(a) of the Indenture if the Borrower elects to prepay the Loan in whole or in part (as provided in Section 507 of the Indenture) from proceeds received in connection with the damage, destruction or condemnation of the Project in whole or in part.

## ARTICLE VII

### BORROWER'S COVENANTS

**Covenant for the Benefit of the Trustee and Bondowners.** The Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Loan

Agreement (other than the Unassigned Issuer's Rights) to the Trustee as security for the payment of the principal of and interest and redemption premium, if any, on the Bonds, and the payment of all fees and expenses of the Trustee. The Borrower agrees to be bound by, and join with the Issuer in the grant of, a security interest to the Trustee in any right and interest the Borrower have in sums held in the Funds described in Article IV of the Indenture, pursuant to the terms and conditions thereof, to secure payment of the Bonds and payments to be made under this Loan Agreement. Each of the terms and provisions of this Loan Agreement is a covenant for the use and benefit of the Trustee and the Sole Bondowner, so long as any Bonds remain Outstanding, but upon payment in full of the Bonds in accordance with Article IX of the Indenture and of all fees, expenses and charges of the Trustee and Paying Agent, all references in this Loan Agreement to the Bonds, the owners thereof and the Trustee shall be ineffective, and neither the Trustee nor any Bondowner shall thereafter have any rights hereunder, save and except those that shall have previously vested or that arise from provisions of this Agreement which survive termination of this Agreement.

### **Section 7.02. Inspection and Access.**

(a) Subject to the rights of tenants under leases, the Borrower agrees that the Issuer, the Trustee, the Manager and their duly authorized agents shall have the right to examine and inspect, and for that purpose to enter upon, the Project, and shall also have such right of access thereto as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article V of the Indenture and in accordance with the applicable provisions of the Security Documents.

(b) The Borrower covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the Issuer, the Trustee, the Sole Bondowner and the Manager the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment or other transfer of the Project by the Borrower to any other person.

### **Section 7.03. Indemnity by Borrower.**

(a) The Borrower will, to the fullest extent permitted by law, protect, indemnify and hold the Issuer and the Trustee, and their commissione3rs, officers, agents, and employees and any person who controls the Issuer or the Trustee (the "Indemnified Parties") within the meaning of the Securities Act of 1933, harmless from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses of the Trustee and the Issuer), taxes, causes of action, suits, claims, demands and judgments of any nature arising from:

(i) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the use, non-use, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to the construction or installation of property or improvements or any other act, or failure to act, by the Borrower or its agents in connection with the ownership and management of the Project. The foregoing indemnification obligations shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Borrower, customers, suppliers or affiliated organizations under any Workers' Compensation Acts, Disability Benefit Acts or other employee benefit acts;

(ii) violation of any contract, agreement or restriction relating to the Project which shall have existed on the Issue Date, and has been disclosed to the Borrower, or which shall have been approved by the Borrower;

(iii) violation of any law, ordinance, court order or regulation affecting the Project or a part thereof or the ownership, occupancy or use thereof; and

(iv) subject to the provisions of **Section 9.13**, this Loan Agreement, the Bonds, the Indenture or the transactions contemplated thereby.

(b) The Borrower hereby agrees to indemnify and hold harmless the Trustee from and against any and all costs, claims, liabilities, losses or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of the trusts established pursuant to the Indenture, except costs, claims, liabilities, losses or damages resulting from the negligence or willful misconduct of the Trustee.

(c) Promptly after receipt by the Issuer or the Trustee, or any other person indemnified hereunder, as the case may be, of notice of the commencement of any action with respect to which indemnity may be sought against the Borrower under this Section, such person will notify the Borrower in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Borrower shall assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to the Issuer, the Trustee or such other person as the case may be, and the payment of expenses). Insofar as such action shall relate to any alleged liability with respect to which indemnity may be sought against the Borrower, the Issuer or any such other Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Borrower unless the employment of such counsel has been specifically authorized by the Borrower. However, notwithstanding the foregoing, (i) if counsel for any Indemnified Party and counsel for the Borrower agree that (A) having common counsel to represent both the Borrower and the Indemnified Party would present a conflict of interest or (B) defenses are available to the Indemnified Party which are not available to the Borrower or (ii) if the Borrower fails to assume the defense of the action or proceeding in a timely manner, then the Indemnified Party may employ separate counsel to represent or defend it in any such action or proceeding and the Borrower will pay the reasonable fees and disbursements of such counsel. However, in no event shall the Borrower be liable for more than one counsel (in addition to any local counsel) separate from its own counsel for the Indemnified Parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

(d) The Borrower shall not be liable to indemnify any Indemnified Party for any settlement of any such action effected without its consent, which consent shall not be unreasonably withheld.

(e) Notwithstanding anything else in this **Section 7.03** to the contrary, the Borrower shall have no liability to indemnify (i) the Issuer against the Issuer's own negligence or willful misconduct, or (ii) the Trustee against the Trustee's own negligence or willful misconduct.



(f) The provisions of this Section shall survive the payment and discharge of the Bonds and the resignation or removal of the Trustee.

#### **Section 7.04. Status of Borrower.**

(a) The Borrower will maintain its existence as a limited partnership organized under the laws of the State, will remain qualified to do business in the State, and will not wind up or otherwise dispose of all or substantially all of its assets; provided that, subject to the sale restrictions in **Section 5.02**, including the requirement that the written consent of the Issuer and the Sole Bondowner is obtained, the Borrower may, sell or otherwise transfer to another Person all or substantially all of its assets in its entirety if the transferee Person assumes all of the obligations of the Borrower under this Loan Agreement, the Tax Agreement, the Security Documents, the Land Use Restriction Agreement and the Redevelopment Contract by a written instrument delivered to the Issuer and the Trustee. Every transferee shall be bound by all of the covenants and agreements of the Borrower herein with respect to any further sale or transfer.

(b) Upon any change in the identity of the General Partner by way of substitution, sale or otherwise of the Borrower as permitted hereunder, and subject to the rights of the Issuer under the Redevelopment Contract, the Issuer and the Trustee shall be promptly informed and, if requested, each and every general partner of the Borrower as newly constituted shall deliver to the Trustee for the benefit of the Issuer and the Sole Bondowner an instrument in form satisfactory to the Issuer and the Trustee affirming the joint and several liability, if applicable, of all then existing general partners for the obligations of the Borrower under this Loan Agreement for which the general partners remain liable, subject to the nonrecourse provisions of **Section 9.13**.

(c) The Issuer and the Borrower agree that, upon any change in the identity of the General Partner permitted hereunder, so long as the requirements, restrictions and conditions of **Section 5.02**, the Deed of Trust, the Land Use Restriction Agreement and the Redevelopment Contract with respect to such change have been satisfied as provided therein, the General Partner shall be discharged from liability hereunder. The Trustee by execution of the Indenture shall be deemed to have agreed to execute such documents in form satisfactory to the Trustee as may be necessary or desirable to indicate such discharge upon receipt of evidence satisfactory to such parties that the requirements for this Section, **Section 5.02**, the Deed of Trust and the Land Use Restriction Agreement have been satisfied, and provided that no Event of Default under this Loan Agreement has happened and is continuing on the date of the discharge.

(d) The Borrower **will not affect** such transfer or change if the result thereof would be to violate any sale restrictions set forth in **Section 5.02**, the Deed of Trust and the Land Use Restriction Agreement. In connection with a transfer, the Borrower will cause an opinion of Bond Counsel to be delivered to the Trustee that the transfer or change would not subject the interest payable on the Bonds (in the hands of any Person who is not a “substantial user” of the Project or a Related Person) to inclusion in gross income for federal income tax purposes.

(e) Notwithstanding anything to the contrary in this Loan Agreement or any other agreement pertaining to the Bonds (collectively, the “Loan Documents”), the following shall not constitute a default under the Loan Documents: (a) the sale, transfer, conveyance or pledge of less than a controlling limited partnership interest in Borrower unless the sale, transfer, conveyance or

pledge of a controlling interest is consented to by the Issuer (subject to and as provided in the Redevelopment Contract) and Beneficiary; (b) the sale, transfer, conveyance or pledge of any partnership interest in the Limited Partner; (c) the appointment by the Limited Partner of an additional or substitute General Partner of the Borrower in accordance with the Partnership Agreement; (d) the dilution of the General Partner's interest in cash flow and/or capital transaction proceeds in the Borrower in accordance with the terms of the Partnership Agreement; (e) any amendment to the Partnership Agreement which does not affect the financial terms of the Partnership Agreement, and does not otherwise adversely affect the security interest of Lender in the Property; and (f) the pledge to the Limited Partner by the General Partner of the General Partner's interest in the Partnership Agreement, as security for the performance of all of the General Partner's obligations under the Partnership Agreement.

**Section 7.05.1 Additional Debt.** The Borrower will not incur, directly or indirectly, any indebtedness for borrowed money other than under this Loan Agreement or the Security Documents.

## ARTICLE VIII

### BORROWER'S OPTIONS

#### **Section 8.01. Assignment and Transfer.**

(a) The Borrower may not assign its rights and obligations under this Loan Agreement or transfer its interest in the Project, except as specifically provided in this Loan Agreement, the Land Use Restriction Agreement, the Security Documents and the Redevelopment Contract. Any withdrawal, removal and/or replacement of the Borrower's general partner or changes in the Limited Partner as permitted by **Section 7.04(e)** hereof, in accordance with the Partnership Agreement shall not require the consent of the Issuer, the Sole Bondowner or the Trustee (unless consent is required under **Section 2.03** of the Deed of Trust) and shall not constitute a default under this Loan Agreement or accelerate the maturity of the Loan. Notwithstanding the foregoing, the substitute general partner shall assume all of the rights and obligations of the removed general partner under all of the Loan Documents in accordance with their terms. A copy of the assignment instrument shall be delivered to the Issuer and the Trustee within 30 days of execution and delivery of the assignment instrument.

The execution and delivery of a purchase option agreement with respect to ownership interests in the Borrower shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder; provided, however, that any purchase option agreement with respect to the ownership interests in the Borrower shall be subject to consent of the Issuer. Any requisite consent of the Issuer to (1) the exercise of such purchase option agreement by the optionee thereunder, and (2) the assumption without penalty of the Borrower's obligations under the Loans and the Redevelopment Contract by the optionee thereunder, and the release of the Borrower from such obligations, shall be at the sole discretion of the Issuer. Subject to any such consent requirement, the exercise of the rights under such purchase option agreement shall not constitute a default or accelerate the maturity of the Loan.

#### **Section 8.02. Prepayment.**

(a) Except during the continuance of an Event of Default, the Borrower may at any time transmit moneys directly to the Trustee for deposit in the Bond Fund, in addition to amounts, if any, otherwise required at that time pursuant to this Loan Agreement, and direct in writing that the moneys be utilized by the Trustee, as soon as practicable in accordance with the Indenture to:

- (i) redeem Bonds which are then or will be redeemable in accordance with their terms on a date specified by the Borrower; or
- (ii) provide for the discharge of Bonds prior to their maturity or redemption dates as provided in **Article IX** of the Indenture.

(b) The Borrower will prepay the Note in whole or in part to the extent of the mandatory redemption of the Bonds under **Article III** of the Indenture and will at any time transmit directly to the Trustee, for deposit in the Bond Fund, funds in the required amount in addition to any other amounts required to be paid at that time pursuant to this Loan Agreement. The principal amount of the Note to be prepaid upon casualty or condemnation will be determined in accordance with **Section 507(b)(ii)** of the Indenture.

**Section 8.03. Direction of Investments.** Except during the continuance of an Event of Default, the Borrower shall have the right, as provided in **Section 416** of the Indenture, to direct the Trustee in writing to invest or reinvest all money held for the credit of Funds established by **Article IV** of the Indenture and held by the Trustee in Qualified Investments. **Termination of Loan Agreement; Required Prepayment.** Except during the continuance of an Event of Default, the Borrower shall have the option of terminating this Loan Agreement if (i) all Bonds shall have matured or will mature or be subject to redemption in accordance with their terms on the next succeeding Interest Payment Date and if provision is otherwise made for payment of all Bonds in such manner that the Indenture will be discharged under **Article IX** of the Indenture on or before the date of termination and (ii) the Borrower provides the Trustee with an Opinion of Bond Counsel to the effect that all such conditions have been satisfied.

(b) Notwithstanding the foregoing, the Borrower may not terminate this Loan Agreement unless and until the Trustee has on deposit moneys in any of the Funds established under **Article IV** of the Indenture and available for that purpose which are sufficient to discharge the Indenture in accordance with **Article IX** of the Indenture.

On the termination date, a closing shall be held at the principal corporate trust office of the Trustee (which closing may be conducted by first-class mail or recognized overnight delivery service), or any other office mutually agreed upon. At the closing the Issuer and Trustee shall execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines is necessary to terminate this Loan Agreement. All further obligations of the Borrower hereunder (except as specifically provided in **Sections 4.03** and **7.03**) shall thereupon terminate.

## **ARTICLE IX.**

### **EVENTS OF DEFAULT AND REMEDIES**

#### **Section 9.01 Events of Default.**

(a) Any one or more of the following events is an Event of Default under this Loan Agreement, and the term “Event of Default,” wherever used herein, means any one of the following events, whatever the reason for such default and whether it shall be voluntary or involuntary or be **affected** by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(i) if the Borrower shall fail to make a Basic Payment whether or not notice has been given to the Borrower by the Trustee; or

(ii) if the Borrower shall fail to pay any Additional Charge on or before the date such payment is due and such failure to pay the Additional Charge shall continue for 30 days after written notice has been given to the Borrower by the Issuer or the Trustee, as applicable, but in any event if the failure to pay has continued for 60 days after written notice has been given to the Borrower; or

(iii) if the Borrower shall fail in any respect to observe and perform (or cause the observance or performance) or shall breach in any respect any other covenant, condition or agreement on its part under this Loan Agreement and shall fail to remedy (or fail to have remedied) such default or breach within 30 days after mailing of a notice to the Limited Partner by the Issuer or the Trustee (and if by the Issuer, with the approval of the Trustee), specifying such default or breach and requesting that it be remedied, or such longer period of time (up to an additional 90 days) as may be necessary to remedy such default or breach provided that (1) the default or breach in question is able to be remedied; (2) the Borrower (or any limited partner of the Borrower) has commenced, or cause to be commenced, action during the 30 days necessary to remedy such default or breach; and (3) the Borrower is proceeding with reasonable diligence to remedy the default or breach; or

(iv) if an Event of Bankruptcy shall occur with respect to the Borrower or the General Partner, provided that no Event of Default with respect to an Event of Bankruptcy of the General Partner shall be deemed to have occurred if, within 60 days after such Event of Bankruptcy of the General Partner, the limited partners of the Borrower shall have replaced the General Partner; or

(v) if the Partnership Agreement shall expire or be annulled; or if the Borrower shall be dissolved or liquidated (other than when the conditions permitting such action contained in **Section 7.04** or the applicable Security Document or when dissolution occurs as a result of the death or disability of the General Partner under circumstances where no action is taken in accordance with the Partnership Agreement to reconstitute the Borrower); or

(vi) if a default should occur under the Redevelopment Contract, the Indenture, the Land Use Restriction Agreement, the Tax Agreement or a Security Document and any applicable period for remedying such default has expired; or

(vii) if any representation or warranty made by the Borrower in this Loan Agreement, or by the General Partner or representative of the Borrower in any document or certificate furnished the Trustee, the Issuer, or the Sole Bondowner, in connection

herewith or therewith or pursuant hereto or thereto shall prove at any time to be, in any material adverse respect, incorrect or misleading as of the date made; or

(viii) if any condition occurs which would allow the issuer of any of the Tax Credits to terminate Borrower's eligibility for such Tax Credits or disallow such Tax Credits; or

(ix) if the Limited Partner or the State Limited Partner shall fail to pay any installment of its capital contribution to the Borrower as and when required pursuant to the terms and conditions of the Partnership Agreement.

(b) The Trustee shall also give written notice to the Borrower, with a copy to the Limited Partner and the Sole Bondowner, promptly (and in any event within five Business Days) after the Trustee has actual knowledge of any act or failure to act which will, with the passage of time or otherwise, constitute an Event of Default under this Section.

### **Section 9.02. Remedies.**

(a) Whenever any Event of Default shall have occurred and be continuing, and the Trustee shall have accelerated the applicable Series of Bonds, as appropriate, pursuant to **Section 602** of the Indenture, the Trustee shall declare all the applicable Basic Payments (in an amount equal to that necessary to pay in full all of the Bond Obligation and interest on such Series of Bonds, assuming acceleration of such Series of Bonds under the Indenture and to pay all other indebtedness thereunder) to be immediately due and payable, whereupon the same shall become immediately due and payable by the Borrower.

(b) Whenever any Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may also be taken to the extent permitted by law:

(i) the Trustee or the Issuer (with the prior written consent of the Trustee) may take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower, under this Loan Agreement, the Land Use Restriction Agreement, the Continuing Covenants Agreement, the Security Documents or any related instrument; or to otherwise compensate the Issuer, the Trustee or Sole Bondholder for any damages on account of such Event of Default; and

(ii) the Issuer (without the prior written consent of the Trustee if the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer) may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights of indemnification under **Section 7.03** and to collect all sums then due and thereafter to become due to the Issuer under **Sections 4.03 (c) and (d), 7.03 and 9.05** of this Loan Agreement or under the Redevelopment Contract.

**Section 9.03. Disposition of Funds.** Any amounts collected pursuant to action taken under **Section 9.02** (other than sums collected for the Issuer or the Trustee on account of their

rights to indemnification and certain direct payments to be made to the Issuer and the Trustee under Sections 4.03, 7.03 and 9.05 which sums shall be paid directly to the Issuer and the Trustee) shall be applied in accordance with the provisions of the Indenture. **Nonexclusive Remedies.** No remedy herein conferred upon or reserved to the Issuer or the Trustee 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 Loan Agreement 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 Event of 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 the Issuer or the Trustee to exercise any remedy reserved to either of them in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law. **Section 9.05.**

**Attorneys' Fees and Expenses.** If an Event of Default shall exist under this Loan Agreement and the Issuer or the Trustee employ attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower shall upon demand pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred. **Section 9.06 Effect of Waiver.** In the event any agreement contained in this Loan Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. **Section 9.07. Waiver of Stay or Extension.** The Borrower covenants that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this Loan Agreement; and the Borrower hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted. **Section 9.08 Issuer or Trustee May File Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or the property of the Borrower, the Trustee or the Issuer (with the prior consent of the Trustee), shall be entitled and empowered, by intervention in such proceeding or otherwise to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and Trustee (for themselves and on behalf of Bondowners) (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Trustee, their agents and counsel) allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

**Section 9.09. Restoration of Positions.** If the Issuer or the Trustee has instituted any proceeding to enforce any right or remedy under this Loan Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Issuer or Trustee, then and in every such case the Borrower, the Trustee and the Issuer shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer shall continue as though no

such proceeding had been instituted.**Section 9.10 Suits to Protect the Project.** If the Borrower shall fail to do so after 30 days prior written notice from the Issuer or the Trustee, the Trustee shall have power, but shall not be obligated, to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Loan Agreement, and such suits and proceedings as the Trustee may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Sole Bondowner.

**Section 9.11. Performance by Third Parties.** The Issuer may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to cure any Event of Default hereunder. The acceptance by Issuer or the Trustee of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability under this Loan Agreement. Any cure offered or effected by the Limited Partner of the Borrower shall be accepted hereunder as if offered or effected by the Borrower itself and the Limited Partner shall have the right to cure any Event of Default existing under the Loan Agreement and any other document pertaining to the Loan within 15 days of receipt of written notice of default by the Limited Partner. **Exercise of the Issuer's Remedies by Trustee.** Whenever any Event of Default shall have happened and be continuing the Trustee may, but except as otherwise provided in the Indenture shall not be obliged to, exercise any or all of the rights of the Issuer under this Article IX, without notice to the Issuer**Section 9.13. Non-Recourse**

**Obligation.** Except as otherwise provided in the Security Documents, or as otherwise set forth below, the personal liability of the Borrower and the General Partner of the Borrower shall be limited to the Project and any other collateral securing the obligations of the Borrower under this Loan Agreement, the Note, the Indenture, or the Bonds, but this limitation of liability shall not prejudice the right of the Trustee, as beneficiary to enforce or foreclose on any other security given for the payment of the obligations of the Borrower under this Loan Agreement, the Note, the Indenture or the Bonds, or to exercise any of its remedies at law, including effecting the sale of the Project in accordance with the Security Documents, foreclosing the Security Documents and in furtherance thereof naming the Borrower but not any of its partners as a party defendant in any action or proceeding to enforce the same. The General Partner shall be liable under this Loan Agreement to the extent of any funds or property of the Project coming into the hands of the General Partner which, by the provisions of this Loan Agreement, the Borrower has distributed but was not entitled to distribute to the General Partner. The Borrower and the General Partner shall not be exonerated or exculpated for any loss or deficiency suffered or sustained by the Issuer or the Trustee as a result of any fraud or false representations by the Borrower or its General Partner with regard to any matter relating to the Loan and the security therefor;

(b) misappropriation or intentional misapplication of insurance or condemnation proceeds;

(c) collection of rents for more than one month in advance or failure to apply rents to current maintenance, repair and taxes while an Event of Default exists under this Loan Agreement;

- (d) failure to deliver security deposits of tenants to the Trustee following an Event of Default, to the extent permitted by law;
- (e) permitting or suffering to occur any intentional waste of all or any portion of the Project;
- (f) failure to comply with any law, governmental standard or regulation applicable to the Borrower or the Premises with respect to Environmental Laws or Hazardous Materials (within the meaning of the Security Documents) or a misrepresentation of the Borrower with respect to the same;
- (g) any willful misconduct of the Borrower and/or any intentional tort created by the Borrower and resulting in loss or damage to the security of the Project;
- (h) the liability of the Borrower under **Section 8.15** of the Deed of Trust;
- (i) the liability of the Borrower under **Section 7.03** of this Loan Agreement or the indemnity provisions of the Redevelopment Contract; or
- (j) the liability of the Borrower under the Redevelopment Contract, including, without limitation, the Funding Agreement (as defined in the Redevelopment Contract), to pay for all costs and expenses incurred by the Issuer, including legal fees, in connection with the Project.

## ARTICLE X.

### GENERAL PROVISIONS

**Section 10.1. Amounts Remaining in Funds.** Except during the continuance of an Event of Default, any amounts remaining in the Funds created under Article IV of the Indenture upon expiration or earlier termination of this Loan Agreement, as provided herein, shall be paid by the Trustee as provided in Section 414 of the Indenture.

**Section 10.2 Notices.** All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein), shall be deemed to have been properly given when delivered by hand delivery, or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as registered or certified mail, return receipt requested, bearing adequate postage, or delivery by reputable private carrier such as Federal Express, DHL or similar overnight delivery service, and addressed as hereinafter provided. Notices, except to the Trustee, shall be deemed given when mailed as provided herein. Notices to the Trustee shall be deemed given only when received by the Trustee. All parties listed below may, by written notice given to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Loan Agreement. Any notice, certificate, report, financial statement or other communication properly provided by legal counsel on behalf of any party hereunder shall be deemed properly provided by the party represented by such counsel. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:       Land  
Clearance for Redevelopment Authority  
of Kansas City, Missouri

300 Wyandotte Street, Suite 400



Kansas City, MO 64105  
Attention: Executive Director

with a copy to: Hardwick Law Firm, LLC  
2405 Grand, Suite 800  
Kansas City, Missouri 64108  
Attention: Jean Matzeder

with a copy to: Rouse Frets White Goss Gentile Rhodes, P.C.  
Attention: Brian Engel  
4510 Belleview, Suite 300  
Kansas City, Missouri 64111

To the Trustee: UMB Bank, N.A.  
928 Grand, 12<sup>th</sup> Floor  
Kansas City, Missouri 64106  
Attention: Corporate Trust Department

To the Borrower: PG/PNG, LP  
Attention: Brian Collins  
c/o Dromara Development, LLC  
3619 E. 35<sup>th</sup> Street  
Kansas City, Missouri 64128

with a copy to: Rosenblum Goldenhersh  
Attention: Tom Duda  
7733 Forsyth Boulevard, 4<sup>th</sup> Floor  
St. Louis, Missouri 63105

To the Sole Bondowner: Legacy Bank  
3250 E Sunshine Street  
Springfield, MO 65804  
Attention: Kylee Brown, SVP, and  
Cassie Galloway, VP Affordable

with a copy to: Polsinelli P.C.  
Attention: S. Shawn Whitney  
201 E. Las Olas Blvd., Ste. 2250B  
Fort Lauderdale, FL 33301

**Section 10.03. Binding Effect.** This Loan Agreement will inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns

**Section 10.04. Severability.** If any court of competent jurisdiction holds any provision of this Loan Agreement invalid or unenforceable, the holding shall not invalidate or render unenforceable any other provision of this Loan Agreement **Section 10.05. Amendments, Changes, and Modifications.** Except as otherwise provided in this Loan Agreement or in the

Indenture, subsequent to the issuance of the Bonds and before the lien of the Indenture is satisfied and discharged in accordance with its terms, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee pursuant to **Section 803** of the Indenture.**Section 10.06 Execution in Counterparts.** This Loan 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 10.07 Required Approvals.** Consents and approvals required by this Loan Agreement to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed, Notwithstanding the foregoing, in the event any provision of this Agreement requires the approval, consent, or action by the Trustee, except as otherwise set forth herein, the Trustee must undertake to grant or deny such approval or consent, or perform such action, only subject to and as directed by the terms of the Indenture, and may, in the Trustee's sole discretion, require direction of the Owners of a majority of the Bond Obligation prior to undertaking any such approval, consent, or action

**Section 10.08. Limitation on Issuer's Liability.** No provision, covenant or agreement contained in this Loan Agreement, the Redevelopment Contract, the Indenture, the Land Use Restriction Agreement, the Tax Agreement or the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit; nor shall the same constitute or give rise to or a charge upon the general credit or taxing powers of the State. The Issuer has no power to tax. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement contained against any past, present or future officer, director, employee, director or agent of the Issuer, or of any successor public corporation thereto, as such, either directly or through the Issuer, or any successor public corporation 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 officers, directors, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the Trust Estate.

**Section 10.09.Limitation on Limited Partner's Liability.** The parties to this Loan Agreement acknowledge and agree that the Limited Partner will not have liability to the other parties or to any third party as a general partner of the Borrower resulting from any action taken by the Limited Partner pursuant to the Partnership Agreement, unless and until the Limited Partner is admitted to the Borrower entity as a general partner. Lender agrees that it will not, in connection with any demand, claim or legal action concerning the Loan or Loan Documents, claim that the Limited Partner was liable as a general partner as a result of the Limited Partner allegedly participating in the control of Borrower by reason of any action taken by the Limited Partner pursuant to its powers as a Limited Partner under the Partnership Agreement.

**Section 10.10. Representations of Borrower.** All representations made in this Loan Agreement by the Borrower are based on its independent investigation of the facts and law, and accordingly no such representations are made in reliance upon any representations made or legal advice given by the Issuer, its Bond Counsel, the Trustee or any of their agents, officers or employees.

**Section 10.11 Electronic Transactions.** The parties agree that the transaction described in this Loan Agreement and the other documents executed by the Issuer and the Borrower in connection with the issuance of the Bonds may be conducted, and related documents may be stored, by electronic means pursuant to the Missouri Uniform Electronic Transactions Act.**Complete Agreement.** This notice is provided pursuant to Section 432.047, R.S.Mo. As used herein, “creditor” means the Issuer and “this writing” and “Credit Agreement” means this Agreement, the Note, the Land Use Restriction Agreement, the Tax Agreement and the Security Documents. **ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (BORROWER) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.**

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed by their duly authorized signatories.

**LAND CLEARANCE FOR  
REDEVELOPMENT AUTHORITY OF  
KANSAS CITY, MISSOURI, MISSOURI**

By: \_\_\_\_\_  
Dan Moye, Executive Director

Attest:

\_\_\_\_\_  
Susan Tumey, Assistant Secretary

**PG/PGN, LP**, a Missouri limited partnership

By: PG/PGN OWNER, LLC, a Missouri limited liability company, general partner

By: PG/PGN Managing Member, LLC, a Missouri limited liability company, its managing member

By: PALESTINE VILLAGE COMMUNITY DEVELOPMENT CORPORATION, a Missouri nonprofit corporation, its manager

By: \_\_\_\_\_  
Melvin A. Gross, President

**EXHIBIT A**  
**LEGAL DESCRIPTION**

Tract 1:

3220 Montgall Avenue (28-930-16-26-00-0-00-000):

Lot 1, PALESTINE GARDENS NORTH, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

Tract 2:

2627 E. 33<sup>rd</sup> Street (28-930-17-30-00-0-00-000):

Lot 1, PALESTINE GARDENS, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

## EXHIBIT B

### PROMISSORY NOTE

PRINCIPAL AMOUNT: Dated \_\_\_\_\_, 2022  
\$11,000,000 Maximum Principal Amount Kansas City, Missouri

FOR VALUE RECEIVED, the undersigned, PG/PGN, LP, a Missouri limited partnership (together with its successors and assigns as borrower under the below defined Loan Agreement, the “**Borrower**”), promises to pay in lawful money of the United States of America to the order of the LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI, its successors or assigns (the “**Issuer**”), the Cumulative Outstanding Principal Amount attached hereto in an amount up to the principal sum of Eleven Million Dollars (\$11,000,000).

The Trustee shall note the aggregate principal amount of this Note then outstanding on its records as the "Cumulative Outstanding Principal Amount" on the Table of Cumulative Outstanding Principal Amount attached hereto. The Borrower promises to pay interest on the Cumulative Outstanding Principal Amount (as hereinafter defined) at an interest rate of \_\_\_\_% per annum on the Cumulative Outstanding Principal Amount.

The principal and interest on this Note shall be payable in installments at the times and in the amounts determined as provided in **Section 4.02** of the Loan Agreement dated as of [Dated Date, 2022 (the “**Loan Agreement**”), between the Borrower and the Issuer, with the final payment of all outstanding principal and interest on this Note to be paid not later than \_\_\_\_\_ 1, 2024. Both principal and interest under this Note shall be payable in immediately available funds at the principal payment office of UMB Bank, N.A., (the “**Trustee**”).

This Note is made pursuant to the Loan Agreement wherein, among other things, the Issuer has agreed to loan to the Borrower and the Borrower has agreed to take a loan in the principal amount of not to exceed \$11,000,000, being the proceeds from the sale of the Issuer’s Multifamily Housing Revenue Bonds (Palestine Gardens Project) Series 2022 (the “**Bonds**”), said proceeds to be disbursed to the Borrower from time to time in accordance with the provisions of the Loan Agreement. The Bonds are being issued by the Issuer pursuant to a Trust Indenture dated as of November 1, 2022 (the “**Indenture**”), between the Issuer and the Trustee. Terms not otherwise defined in this Note have the meanings set forth in the Indenture and the Loan Agreement.

This Note is subject to optional and mandatory prepayments as provided in **Section 8.02** of the Loan Agreement, with such prepayments being first applied to interest and next to principal.

Upon the occurrence of any Event of Default as described in **Section 9.01** of the Loan Agreement, all or a portion of the unpaid principal of and interest on this Note may be declared to be forthwith due and payable in the manner and with the effect provided in said Agreement. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent occurrence of such an Event of Default. If this Note shall be placed in the hands of an attorney or attorneys for collection, the Borrower agrees to pay, in addition to the amount due hereon, the reasonable costs and expenses of collection, including reasonable attorneys’ fees.

Except as otherwise provided in the Loan Agreement, or as otherwise set forth below, the personal liability of the Borrower and the partners of the Borrower shall be limited to the Project and any other collateral securing the obligations of the Borrower under this Note, the Loan Agreement, the Indenture, or the Bonds, but this limitation of liability shall not prejudice the right of the Trustee, as beneficiary to enforce or foreclose on any other security given for the payment of the obligations of the Borrower under this Note, the Loan Agreement, the Indenture or the Bonds, or to exercise any of its remedies at law and in furtherance thereof naming the Borrower, but not any of its partners, as a party defendant in any action or proceeding to enforce the same. Notwithstanding the foregoing, the General Partner of the Borrower shall be liable under this Note to the extent of any funds or property of the Project coming into the hands of the general partner which, by the provisions hereof, the Borrower has distributed but was not entitled to distribute to the General Partner. The Borrower and the General Partner shall not be exonerated or exculpated for any loss or deficiency suffered or sustained by the Issuer or the Trustee as a result of:

- (a) any fraud or false representations by the Borrower or the General Partner with regard to any matter relating to the Loan and the security therefor;
- (b) misappropriation or intentional misapplication of insurance or condemnation proceeds;
- (c) collection of rents for more than one month in advance or failure to apply rents to current maintenance, repair and taxes while an Event of Default exists under this Note or the Loan Agreement;
- (d) failure to deliver security deposits of tenants to the Trustee following an Event of Default, to the extent permitted by law;
- (e) permitting or suffering to occur any intentional waste of all or any portion of the Project;
- (f) failure to comply with any law, governmental standard or regulation applicable to the Borrower or the Premises with respect to Environmental Laws or Hazardous Materials or a misrepresentation of the Borrower with respect to the same;
- (g) any willful misconduct of the Borrower and/or any intentional tort created by the Borrower and resulting in loss or damage to the security of the Project; or
- (h) the liability of the Borrower under **Section 8.15** of the Deed of Trust.

This Note is secured by the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement dated as of \_\_\_\_\_ 1, 2022, from the Borrower for the benefit of the Trustee, and by the other Security Documents.

This notice is provided pursuant to Section 432.047, R.S.Mo. As used herein, “creditor” means the Issuer and “this writing” and “Credit Agreement” means this Note, the Loan Agreement, the Land Use Restriction Agreement, the Tax Agreement and the Security Documents. **ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES**

**TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (BORROWER) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.**

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice or protest and notice of dishonor.

**PG/PGN, LP**, a Missouri limited partnership

By: PG/PGN OWNER, LLC, a Missouri limited liability company, general partner

By: PG/PGN Managing Member, LLC, a Missouri limited liability company, its managing member

By: PALESTINE VILLAGE COMMUNITY DEVELOPMENT CORPORATION, a Missouri nonprofit corporation, its manager

By: \_\_\_\_\_  
Melvin A. Gross, President

**ENDORSEMENT**

Pay to the order of UMB Bank, N.A., as Trustee under that certain Trust Indenture dated as of November 1, 2022, between the undersigned and said bank, as Trustee, said Trustee to hold and apply all funds received hereunder as provided in such Trust Indenture. This endorsement shall be without recourse against the undersigned.

LAND CLEARANCE FOR REDEVELOPMENT  
AUTHORITY OF KANSAS CITY, MISSOURI

By: \_\_\_\_\_  
Title: Dan Moye, Executive Director



**SCHEDULE A**

**TABLE OF CUMULATIVE OUTSTANDING PRINCIPAL AMOUNT**

<b>Date</b>	<b>Principal Amount Delivered</b>	<b>Principal Amount Paid Pursuant to Redemption Provisions</b>	<b>Cumulative Outstanding Principal Amount</b>	<b>Notation Made By</b>
_____, 2022	\$ _____		\$ _____	

## EXHIBIT C

### SWORN CONSTRUCTION COST STATEMENT DIRECT COSTS

Company: \_\_\_\_\_  
 Construction Manager: \_\_\_\_\_  
 Project Inspecting Architect: \_\_\_\_\_

Date: \_\_\_\_\_  
 Construction Project: Palestine Gardens  
 Location: \_\_\_\_\_

NUMBER	TITLE	CONTRACTOR, SUB OR VENDOR	AMOUNT	%PAID
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**DIVISION 0 DOCUMENTS**

00600	Bonds and Certificates			
	Insurance			
	Permits			

**DIVISION 1 GENERAL REQUIREMENTS**

01500	Construction Facilities and Temporary Utilities			
01600	Material and Equipment			
01700	Dumpster			
01800	Maintenance/Labor			
01900	Clean Up			

**DIVISION 2 SITE WORK**

02010	Subsurface Investigation			
02050	Demolition			
02100	Site Preparation City Impact			
02200	Earthwork			
02500	Parking			
02600	Dumpster & Recycling areas			
02700	Sewerage and Drainage Water			
02800	Site Improvements			
02900	Landscaping			

**DIVISION 3 CONCRETE**

03100	Concrete Formwork All Concrete			
03300	Cast-In-Place Concrete			
03400	Precast Concrete			
03500	Cementitious Decks and Toppings			

**DIVISION 4 MASONRY**

04200	Unit Masonry/Brick			
04400	Stone			

**DIVISION 5 METALS**

05100	Structural Metal Framing			
05200	Metal Joints			
05300	Metal Decking			
05500	Metal Fabrications			
05580	Clad LA Windows			
05700	Ornamental Metal/Balcony Railings			

NUMBER	TITLE	CONTRACTOR, SUB OR VENDOR	AMOUNT	%PAID
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DIVISION 6 WOOD AND PLASTICS

06100	Rough Carpentry/Balcony Work			
06170	Finish Carpentry			
06200	Cabinets & Tops			
06400	Architectural Wood/Cabinets			
06450	Garage Work			
06500	Counter Tops			

DIVISION 7 THERMAL AND MOISTURE PROTECTION

07100	Waterproofing			
07200	Insulation			
07250	Fireproofing			
07300	Shingles and Roofing Tiles			
07400	Manufactured Roofing			
07600	*** and Sheet Metal			
07800	Building Roofs			

DIVISION 8 DOORS AND WINDOWS

08100	Framing Materials			
08200	Window Millwork			
08300	Special Doors and Repairs			
08400	Entrance and Storefronts			
08500	Vinyl Windows			
08700	Hardware			
08800	Glazing			
08900	Glazed Curtain Walls			

DIVISION 9 FINISHES

09250	Gypsum Board Repair			
09300	Tile			
09500	Carpet recycling			
09550	Roofing			
09960	Guttering			
09950	Wall Coverings			

DIVISION 10 SPECIALISTS

10200	Storm Doors			
10400	Identifying Devices			
10520	Fire Protection Specialties			
10600	Partitions/Elect Room			
10800	Toilet and Bath Accessories			

DIVISION 11 EQUIPMENT

11160	Loading Dock Equipment			
11400	Food Service Equipment			
11450	Residential Equipment -			
	Stove, A/C, D/W			
11480	Athletic, Recreational Equipment			
11680	Office Equipment			
11690	Tot Lot Equip and Installation			

DIVISION 12 FURNISHINGS

12300	Manufactured Casework			
12500	Window Treatment, Bath Access.			

NUMBER	TITLE	CONTRACTOR, SUB OR VENDOR	AMOUNT	%PAID
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	and Signage			
12600	Furniture and Accessories			

DIVISION 13 SPECIAL CONSTRUCTION

13120	Lockers			
13200	Liquid & Gas Storage Tanks			
13300	Community Building			
13900	Recycling Shelter			

DIVISION 14 Conveying Systems

14200	Elevators			
14500	Material Handling Systems			

DIVISION 15 MECHANICAL

15060	Electric			
15300	Plumbing			
15500	Laundry			
15550	Heat Generation, Boilers			
15850	HVAC			
15950	Controls, Zone Valves and			
	Thermostats or new toilets			

DIVISION 16 ELECTRICAL

16060	Basic Electrical Materials			
16400	Service and Distributing			
16500	Lighting, Hood			
16600	Special Systems			
16700	Communications			
16900	Security Lighting			
16950	Fire Alarm Systems			
16960	Security Systems			

DIVISION 17 TENANT IMPROVEMENTS

17100	Partitions			
17200	Wall Coverings/Paint			
17300	Ceiling Treatment Paint			
17400	Floor Covering			
17500	Built-ins/D/W/Cooktop Oven			
17600	Electrical			

DIVISION 18 OTHER

18100	Supervision			
18200	Contractors Fees			
18300	Contingency			

STATE OF MISSOURI     )  
  ) SS  
COUNTY OF JACKSON    )

The undersigned being first duly sworn, each for himself, as contractor and owner of the property at the address shown above deposes and says that the foregoing are the names of all parties having contracts or subcontracts for specific portions of the work on said property and building or material entering into the construction thereof, and the amounts due and to become due to each of such parties, that the items mentioned include all labor and material required to complete said buildings according to plans and specifications, that there are no other contracts outstanding and that there is nothing due or to become due to any person for material, labor or other work of any kind done upon such building other than as above stated.

The undersigned further deposes and says that no increase in the cost of construction will be made under any circumstances without giving information on same to UMB BANK, N.A., as trustee, with additional deposits to cover such increase; that, in the event of any such increase no orders or claims will be made on such company until such information and additional deposits shall have been completed; that the purpose of such information is to induce such trustee to pay out the proceeds of loans in the aggregate principal amount of secured by deeds of trust on such property amounts for payment of the specific unpaid items listed herein, the undersigned contractor hereby agrees to waive all claims of property to such mortgage and the signatories herein will save such company harmless as to any other claims of priority of lien for any labor or material, furnished or to be furnished for completion of construction.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

[CONTRACTOR]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PG/PGN, LP**, a Missouri limited partnership

By: PG/PGN OWNER, LLC, a Missouri limited liability company, general partner

By: PG/PGN Managing Member, LLC, a Missouri limited liability company, its managing member

By: PALESTINE VILLAGE COMMUNITY DEVELOPMENT CORPORATION, a Missouri nonprofit corporation, its manager

By: \_\_\_\_\_  
Melvin A. Gross, President