

NONRECOURSE PROMISSORY NOTE

Hearthstone at Hover Crossing / Lodge at Hover Crossing LHDC Predevelopment Loan

Principal amount: \$50,000.00

May ___, 2025

1. **Promise to Pay.** For value received, Housing Authority of the City of Longmont, Colorado, a body corporate and politic, doing business as Longmont Housing Authority (“**Borrower**”), promises to pay to the order of Longmont Housing Development Corporation, a Colorado nonprofit corporation (“**Lender**”), the principal sum of Fifty Thousand and No/100ths Dollars (\$50,000.00) or so much thereof as Lender has advanced hereunder, together with simple interest thereon at the annual rate of Zero percent (0%), from the date of this Note, or such other rate as set forth herein, until paid. Interest shall accrue daily, shall be payable in arrears at the maturity of this Note, and shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

2. **Maturity Date.** All unpaid principal and accrued interest shall be due on July 1, 2027 or such earlier date as the indebtedness is accelerated hereunder (the “**Maturity Date**”).

Notwithstanding the foregoing provisions of this Note, Lender shall forgive any outstanding principal amount and any interest thereon upon notice from Borrower that the Rental Assistance Demonstration (“RAD”) conversion of Hearthstone at Hover Crossing or the Lodge at Hover Crossing properties will not move forward prior to the Maturity Date of this Note due Borrower’s determination that the RAD conversion will be infeasible and/or undesirable.

3. **Principal and Interest Payments.** Notwithstanding anything herein to the contrary, payments shall not be required under this Note, except with respect to payments due on the Maturity Date hereof or upon the closing of a RAD conversion of the property currently owned by The Lodge at Hover Crossing addressed as 2127 18th Ave, Longmont, CO 80501 (“The Lodge Property”) or The Hearthstone at Hover Crossing addressed as 1762 Cook Court., Longmont, CO 80501 (“The Hearthstone Property”). Upon the closing of a RAD conversion of The Lodge Property, Twenty Five Thousand No/100ths Dollars (\$25,000.00) shall be immediately due and payable. Upon the closing of a RAD conversion of The Hearthstone Property, Twenty Five Thousand No/100ths Dollars (\$25,000.00) shall be immediately due and payable. All payments of principal and interest hereof shall be made to Lender, at its offices at 350 Kimbark St, Longmont, CO 80501 or via wire transfer or by such other means or at such other places as may be designated in writing by Lender. All payments received hereunder shall be applied first to accrued interest as of the date of payment and then to the outstanding principal balance of this Note.

4. **Prepayment.** This Note may be prepaid, either in whole or in part, at any time without premium or penalty and without the prior consent of the holder hereof.

5. **Default Rate.** Overdue principal, whether caused by acceleration of maturity or otherwise, shall bear interest at a rate per annum equal to five percentage points above the rate

otherwise applicable under this Note (the “**Default Rate**”) from the date due until paid, and shall be payable monthly or, at the option of the holder hereof, on demand. To the extent permitted by law, the Default Rate shall apply both before and after any judgment on the indebtedness evidenced by this Note.

6. **Maximum Rate Permitted by Law.** Borrower hereby represents that this loan is for commercial use and not for personal, family or household purposes. It is not intended hereby to charge interest at a rate in excess of the maximum rate of interest that Lender may charge to Borrower under applicable usury and other laws, but if, notwithstanding, interest in excess of such rate shall be paid hereunder, the excess shall be applied against any accrued and unpaid interest and then to principal of this Note as additional cash collateral for the payment of the loan evidenced by this Note, unless such retention is not permitted by law, in which case the interest rate on this Note shall be adjusted to the maximum permitted under applicable law during the period or periods that the interest rate otherwise provided herein would exceed such rate.

7. **Unsecured Note.** This Note is unsecured.

8. **Default; Acceleration.** In the event of any default in any payment of the principal of or interest on this Note when due and payable that is not cured within ten (10) days after notice thereof from the Lender to Borrower, then the whole outstanding principal sum of this Note plus accrued interest and all other obligations of Borrower to Lender, direct or indirect, absolute or contingent, now existing or hereafter arising, shall, at the option of the holder of this Note, become immediately due and payable without notice or demand, and the holder of this Note shall have and may exercise any or all of the rights and remedies provided herein, as it may be amended, modified or supplemented from time to time, and under applicable law.

9. **Costs and Expenses.** If Borrower fails to pay any amount due under this Note and Lender takes any action to collect the amount due, including, without limitation, retaining attorneys for collection of this Note, or if any suit or proceeding is brought for the recovery of all or any part of or for protection of the indebtedness, then Borrower agrees to pay on demand all costs and expenses of any such action to collect, suit or proceeding, or any appeal of any such suit or proceeding, incurred by Lender, including, but not limited to, the reasonable fees and disbursements of Lender’s attorneys and their staff.

10. **Waiver of Defenses.** Except as otherwise provided, Borrower waives presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration and protest; notice of costs, expenses, or losses and interest thereon; assents to any extension of time with respect to any payment due under this Note, to any substitution or release of collateral, and to the addition or release of any party; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note.

11. **Severability.** If any provision in this Note shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality or enforceability of any defective provisions shall not be in any way affected or impaired in any other jurisdiction, and in case of

such determination of invalidity, illegality or unenforceability, all other provisions of this Note shall remain fully enforceable and shall be interpreted so as to give force and effect to the maximum extent possible of the intent of the parties in drafting the provisions of this Note, including any provision that has been held to be invalid, illegal or unenforceable.

12. **No Waiver.** No delay or failure of the holder of this Note in the exercise of any right or remedy provided for hereunder, nor any waiver of any payment or other right under this Note, shall be deemed a waiver of such right by the holder hereof, and no exercise of any right or remedy shall be deemed a waiver of any other right or remedy that the holder may have.

13. **Nonrecourse.** This Note constitute a nonrecourse obligation of Borrower and accordingly, no partner (whether general or limited), manager, member, officer, director, shareholder, trustee, beneficiary, employee or agent of any Entity which is the Borrower or is an owner of the Borrower or holds any interest in the Borrower or is involved at any tier or level of Borrower's ownership structure shall have any personal liability for the payment of any sum of money that is, or may become, payable by the Borrower under or pursuant to this Note or for the performance of any obligation by the Borrower arising pursuant to this Note. For purposes hereof, the term "**Entity**" shall mean any general partnership, limited partnership, corporation, joint venture, trust, business trust, cooperative, limited liability company or partnership or association.

14. **Notices.** All notices given hereunder shall be in writing, shall be hand delivered or sent by overnight courier or by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

Borrower: Longmont Housing Authority
350 Kimbark Street
Longmont, CO 80501
Attn: Molly O'Donnell

Lender: At the same address to which Note payments are to be made

Any such notice shall be deemed effective when hand delivered, or one day after timely delivery to an overnight courier for next day delivery (as evidenced by a receipt from the overnight courier), or three days after notice is deposited with the U.S. Postal Service.

15. **Consent to Venue and Jurisdiction.** At the option of the holder hereof, an action may be brought to enforce this Note in the District Court in the County of Boulder, Colorado or in any other court in which venue and jurisdiction are proper. Borrower and all signers or endorsers hereof consent to venue and jurisdiction in the District Court in the County of Boulder, Colorado, and to service of process as permitted under Colorado law, in any action commenced to enforce this Note.

16. **Time.** Time is of the essence in all provisions of this Note.

17. **Waiver of Right to Trial by Jury.** TO THE EXTENT PERMITTED BY APPLICABLE STATE LAW, BORROWER HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER HEREBY AGREES AND CONSENTS THAT LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE BORROWER TO THE WAIVER OF ANY RIGHT BORROWER MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

18. **Governing Law.** This Note and any claim, controversy or dispute arising under or related to this Note, the relationship of the parties, and/or the interpretation and enforcement of the rights and duties of the parties will be governed by, and construed and enforced in accordance with, the laws of the State of Colorado without regard to any conflicts of law principles, except to the extent preempted by federal laws.

(The remainder of this page is intentionally left blank.)

Borrower has duly executed and delivered this Nonrecourse Promissory Note (Village Place / LHA Bridge Loan) effective as of the first date written above.

BORROWER:

Longmont Housing Authority,
a body corporate and politic

By: _____
Joan Peck, Board President