

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "**Agreement**") dated July ____, 2022, is by the City of Pueblo, whose address is 1 City Hall Place, Pueblo, Colorado 81003, Attention: Mayor, (the "**Junior Lender**") to and for the benefit of JPMORGAN CHASE BANK, N.A., a national banking association, whose address is 2200 Ross Avenue, Floor 9, Mail Code: TX1-2951, Dallas, Texas 75201, Attention of Olivio C. Ochoa (the "**Senior Lender**").

PRELIMINARY STATEMENTS

A. Pursuant to the City of Pueblo Affordable Housing Development Agreement, the Junior Lender has made or will make a loan (the "**Junior Loan**") to CRAWFORD TOWNHOMES, LLLP, a Colorado limited liability limited partnership (the "**Borrower**") in the principal amount of \$500,000.00, evidenced by that certain subordinate Promissory Note (the "**Junior Note**") in the principal sum of \$500,000.00, made by the Borrower and payable to the Junior Lender and secured by that certain subordinate Deed of Trust (the "**Junior Deed of Trust**") to the Pueblo County Public Trustee (the "**Trustee**") to be recorded in the Official Records of Pueblo County, Colorado (the "**Records**"), and covering the real property described in Exhibit "A" attached hereto (collectively with all improvements located thereon, the "**Property**").

B. Pursuant to a Construction Loan Agreement dated on or about even date herewith (the "**Senior Loan Agreement**"), Senior Lender has made or will make a loan to Borrower to provide for a loan (the "**Senior Loan**") in the amount of \$13,850,000.00 to be evidenced by a Promissory Note (the "**Senior Note**") made by the Borrower, payable to the Senior Lender in the maximum principal sum of \$13,850,000.00, and shall be secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated on or about even date herewith, by the Borrower to the Trustee for the benefit of the Senior Lender (the "**Senior Deed of Trust**", together with all other loan documents pertaining to the Senior Loan, collectively, the "**Senior Loan Documents**"), to be recorded in the Records and covering the Property.

C. It is a condition precedent to the Senior Lender's agreement to enter into the Senior Loan Agreement that the Junior Lender enter into this Agreement.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Senior Lender to enter into the Senior Loan Agreement, the Junior Lender hereby agrees as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Senior Deed of Trust. As used herein, the following terms shall have the meanings assigned to them:

"Junior Obligations" means any deed of trust or other mortgage, lien or encumbrance made by the Borrower to and for the benefit of the Junior Lender in connection with the Junior Loan, including, without limitation, the Junior Deed of Trust and any and all security interests, liens or other encumbrances granted in connection with the Junior Loan by the Borrower and in favor of the Junior Lender.

"Senior Obligations" means each and every debt, liability and obligation of every type and description that the Borrower may now or at any time hereafter owe to Senior Lender in connection with the Senior Loan Agreement, the Senior Note, the Senior Deed of Trust, and the Senior Loan Documents, whether such debt, liability or obligation now exists or is hereafter assumed, created or incurred and whether it is or may be direct or indirect, due or to become due, or absolute or contingent.

2. Subordination. All Junior Obligations are hereby expressly subordinated to the extent and in the manner hereinafter set forth to the payment in full of the Senior Obligations relating to the Senior Note and Senior Loan Agreement. The Junior Lender hereby agrees that any security interest that the Junior Lender might now hold in the Property, is fully subordinate to any security interest that the Senior Lender may hold in the Property as provided for in the Senior Loan Documents, subject to federal law and regulations applicable to the federal housing and other programs pursuant to which the loan proceeds were made available to the Junior Lender to make the Junior Loan, including but not limited to Junior Lender's responsibilities under the HOME Investment Partnerships Act (42 U.S.C. 12701 et seq.), the Cranston Gonzales National Affordable Housing Act, and implementing regulations, including but not limited to those at 24 CFR Part 92.

3. Collateral and Security Interest. Until all of the Senior Obligations have been paid in full, or unless expressly required by federal law with respect to the Property applicable to the federal housing and other programs pursuant to which the loan proceeds were made available to the Junior Lender to make the Junior Loan, the Junior Lender shall not demand, receive or accept (i) except for the Junior Deed of Trust and any Uniform Commercial Code Financing Statement, a pledge of any of the Property as security for the Junior Obligations, or (ii) except for the Junior Deed of Trust and any Uniform Commercial Code Financing Statement, a grant of any security interest in any of the Property.

4. (Reserved)

5. Waiver and Consent. The Senior Lender shall have no obligation to the Junior Lender with respect to the Property or the Junior Obligations. The Senior Lender, without the consent of the Junior Lender, may in accordance with the Senior Loan Agreement and the Senior Deed of Trust (a) exercise collection rights, (b) take possession of, sell or dispose of, and otherwise deal with, the Property, (c) in the Senior

Lender's name or in the Borrower's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, the Property; (d) prosecute, settle and receive proceeds on any insurance claims relating to the Property, and (e) exercise and enforce any right or remedy available to the Senior Lender with respect to the Property, whether available before or after the occurrence of any default; all without notice to or consent by anyone except as specifically required by law. The Senior Lender may apply the proceeds of the Property in any order the Senior Lender deems appropriate in its sole discretion. Except to the extent Junior Lender is required to enforce specific performance or other remedies to comply with applicable law relating to federal housing and other programs pursuant to which loan proceeds were made available to the Junior Lender for the Junior Loan, until the Senior Loan has been paid and performed in full, the Junior Lender hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by agreement.

6. No Action. Except to the extent required to comply with and enforce federal affordability requirements applicable to the federal housing and other programs pursuant to which the loan proceeds were made available to the Junior Lender to make the Junior Loan, or except where Junior Lender obtains Senior Lender's permission pursuant to the following sentence, the Junior Lender will not commence any action or proceeding with respect to the collection of the Junior Note or the Junior Deed of Trust or otherwise against the Borrower, and in no event will take possession of, sell or dispose of, or otherwise deal with, the Property, and will not exercise or enforce any other right or remedy that may be available to the Junior Lender against the Borrower or with respect to the Property upon Borrower's default with respect to the Junior Obligations, without the Senior Lender's prior written consent, which shall not be unreasonably withheld or delayed.

7. Notice of Default to Senior Lender. Any notice given to Borrower by the Junior Lender of any default under the Junior Deed of Trust with respect to the Junior Obligations shall also be given to Senior Lender simultaneously with the sending of the notice to the Borrower. Senior Lender may at its option (but not being obligated therefor) cure any such default.

8. Notice of Default to Junior Lender. Senior Lender shall deliver simultaneously to the Junior Lender a copy of the default notice in each case where Senior Lender has given a default notice ("**Senior Lender Notice of Default**") to the Borrower. The Junior Lender shall have the right, but not the obligation, to cure any default which is the subject of a Senior Lender Notice of Default within the same time, and the same manner, as the Borrower pursuant to the Senior Loan Documents or the Senior Loan Agreement. All amounts paid by the Junior Lender to Senior Lender to cure a default which is the subject of a Senior Lender Notice of Default shall be deemed to have been advanced by the Junior Lender pursuant to, and shall be secured by the lien of, the Junior Deed of Trust.

9. Condemnation or Casualty. In the event of: a taking or threatened taking of

eminent domain of all or a portion of the Property (collectively, a "**Taking**"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "**Casualty**"), at any time or times when the Senior Deed of Trust remains a lien on the Property, the following provisions shall apply:

(a) Junior Lender hereby agrees that its rights (under the Junior Deed of Trust or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking and/or a Casualty shall be and remain subordinate in all respects to the Senior Lender's (on behalf of Senior Lender or in its own right) rights under the Senior Loan Documents with respect thereto, and Junior Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; provided, however, this subsection and/or anything contained in this Agreement shall not limit the rights of Junior Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Taking and/or Casualty;

(b) all proceeds received or to be received on account of a Taking and/or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the Senior Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender (for and on behalf of Senior Lender or in its own right) elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under or with respect to the Senior Loan shall be paid to, and may be applied by, Junior Lender; and

(c) Notwithstanding the foregoing, the Senior Lender agrees to use commercially reasonable promptness under the particular circumstances in determining and applying all proceeds received pursuant to this Section 9 and to consult with Junior Lender in determining the application of Taking and/or Casualty proceeds.

10. No Representations or Warranties; No Duty to Preserve or Protect Collateral. Neither the Junior Lender nor the Senior Lender (i) makes any representation or warranty concerning the Property or the validity, perfection or (except as to the subordination effected hereby) priority of any security interest therein, or (ii) shall have any duty to preserve, protect, care for, insure, take possession of, collect, dispose of or otherwise realize upon any of the Property.

11. Binding Effect; Miscellaneous. This Agreement shall be binding upon the Junior Lender and its respective successors and assigns and shall inure to the benefit of the Senior Lender and its participants, successors and assigns, but neither the Borrower nor any other secured party shall be entitled to rely on or enforce this Agreement. The Junior Lender warrants that any purchaser or transferee of, or successor to, any security interest of the Junior Lender in any or all of the Property will be given written notice of the subordination effected hereby, before such purchase, transfer or succession, and that any such purchaser, transferee or successor will be in all respects subject to and bound by this Agreement. This Agreement cannot be waived or changed or ended, except by a writing signed by the party to be bound thereby. This Agreement shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Colorado. Each party consents to the personal jurisdiction of the state and federal courts located in the State of Colorado in connection with any controversy related to this Agreement, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated by either of them in connection with this Agreement shall be venued in either the District Court for the County of Pueblo, Colorado, or the United States District Court, District of Colorado. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Junior Lender waives notice of the Senior Lender's acceptance hereof. **THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.**

12. Notice. Any notice required under this Agreement shall be deemed to have been given when mailed by certified mail, return receipt requested, or by overnight express mail or courier service, to the addresses of the Junior Lender or the Senior Lender, as the case may be, set out in the first paragraph of this Agreement.

13. Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all principal, interest, and other amounts payable under the Senior Obligations; or (ii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, or the exercise of a power of sale contained in the Senior Deed of Trust.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Junior Lender has executed this Agreement as of the date written above.

CITY OF PUEBLO, COLORADO

By: _____
Name: Nicholas A. Gradisar
Title: Mayor

STATE OF COLORADO §
 §
COUNTY OF PUEBLO §

This instrument was acknowledged before me on the ____ day of _____, 2022, by Nicholas A. Gradisar, Mayor of the CITY OF PUEBLO, COLORADO, a Municipal Corporation, on behalf of said public body.

NOTARY PUBLIC, State of _____

[Signature page to Subordination Agreement]

Acknowledged by Borrower:

CRAWFORD TOWNHOMES, LLLP, a Colorado limited liability limited partnership

By: Crawford MM, LLC, a Colorado limited liability company, its General Partner

By: El Centro Pueblo Development Corporation, Inc., a Colorado non-profit corporation, its sole member

By: _____
Name: _____
Title: _____

STATE OF COLORADO §
 §
COUNTY OF _____§

This instrument was acknowledged before me on the ____ day of _____, 2022, by _____, _____ of El Centro Pueblo Development Corporation, a Colorado nonprofit corporation, on behalf of said nonprofit corporation, sole member of Crawford MM, LLC, a Colorado limited liability company, general partner of CRAWFORD TOWNHOMES, LLLP, a Colorado limited liability limited partnership.

Notary Public, State of Colorado

[Signature page to Subordination Agreement]

EXHIBIT A

LAND