



Urban Renewal Authority
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March 20, 2025

The Szanton Company
 4100 E. Mississippi Ave.
 4th Floor,
 Denver, CO 80246

RE: Term Sheet --302 Conifer Street Development

Dear Partners at Szanton Company,

Thank you for the opportunity to discuss the permanent financing structure needed to complete the 302 Conifer Street, middle income development (the "**Project**"), located in Fort Collins, Colorado. The terms and conditions presented herein represent those under which the project loan application is eligible. Final approval of the proposal is solely at the discretion of the Fort Collins URA Board of Commissioners and will be based on the availability of funds.

SUMMARY OF PROPOSED TERMS AND CONDITIONS

1. **Lender:** Fort Collins Urban Renewal Authority.
2. **Borrower:** The Szanton Company, or a single asset entity owned by the Szanton Company.
3. **Administrator:** Impact Development Fund ("**IDF**")
4. **Loan Amount:** \$3,220,000 (Three Million Two Hundred Twenty Thousand Dollars and No Hundreds) (the "**Total Loan Amount**").
5. **Loan Purpose:** Borrower will use the loan proceeds for the construction and permanent financing of 76 income-restricted units, collectively known as 302 Conifer.
6. **Property:** The Property is located at 302 Conifer in Fort Collins, CO 80524 (the "**Property**").
7. **Closing:** Occurs upon the exchange of all executed Loan Documents (defined below) following Lender's satisfaction of all conditions precedent to the making of the Loan to Borrower. Closing shall occur on a date determined by Lender and Borrower prior to the Loan Closing Deadline (defined below).
8. **Loan Closing Deadline:** Not later than December 31, 2025.
9. **Disbursement Schedule:** At Closing, the loan proceeds will be placed in an escrow account controlled by Lender and IDF. Incremental draws will be permitted monthly upon presentation and satisfactory review of draw requests by Lender and any inspecting architect engaged by IDF, and subject to other terms and conditions as set forth in the Loan Documents.
10. **Commitment Fee, Paid to IDF:** 1.00% of the Total Loan Amount.



11. **Withdrawal/Denial Fee:** Paid to IDF: In the event of loan withdrawal or denial, Borrower shall remit the full commitment fee.
12. **Loan Term:** An estimated 150 months (12.5 years), interest-only.
13. **Maturity Date:** The earlier of a) a capital event such as a sale or refinance, or b) 180 days (6 months) after the Maturity Date of the senior loan issued by Freddie (“**Freddie**”) estimated to occur approximately 150 months (12.5 years) from the Date of Loan Closing. A refinance of the Senior Loans (defined below) solely intended to secure a lower interest rate or improved loan terms (aka, “rate and term”, or “no cash out” refinance) shall not be considered an event deemed to have caused the Maturity Date. The Maturity Date, as defined by the original Freddie loan, may not be extended without consent of Lender.
14. **Extension of Maturity:** If approved by Lender, up to 24 months, with a 0.25% extension fee payable to IDF.
15. **Interest Rate:** 3.00% fixed
16. **Default Rate:** Unpaid principal and interest, to the extent due and owing, shall bear interest at an additional 2.00% above the Interest Rate upon the occurrence of an event of default, as set forth and defined in the Loan Documents (“**Event of Default**”).
17. **Loan Payments:** Upon project stabilization, as defined by Freddie’s loan documents, which occurs at the conversion of the construction loan to a permanent loan, interest shall accrue based upon daily outstanding balance and shall not compound. Borrower shall make annual interest payments with payments due on the first day of July each year (“**Loan Payments**”), which shall commence upon project stabilization. All outstanding principal, accrued but unpaid interest, and any applicable fees, costs, or charges, shall be due and payable upon the Maturity Date. Loan Payments will be paid from cash flow, before any cash flow is distributed to equity providers (sponsor and Prop 123). If Borrower fails to make a Loan Payment due to insufficient cash flow, such failure to pay shall not be considered an Event of Default, the amount due will be added to the outstanding principal balance, and Loan Payments will be made from future cash flow before any cash flow is distributed to equity providers. In the event of failure to make Loan Payments, Borrower will provide a 12-month profit and loss statement, rent roll, and a current balance sheet to Lender. Borrower agrees to provide tax returns to Lender annually, within 60 days of filing.
18. **Prepayment Penalty:** None; provided, however, Borrower must provide 45 days’ prior written notice of each prepayment.
19. **Principal Amortization Schedule:** Up to 40 years.
20. **Recourse:** The loan shall be full recourse to the Borrower throughout the construction period only, with personal and corporate guarantees as required.
21. **Guarantor:** The guarantor for this loan will be both personal (all personal parties with 20% or greater ownership interest in the borrowing entity), as well as corporate, contingent on the borrower’s organizational chart; final determination based on underwriting. Guarantor(s) shall be responsible for project completion and financial compliance during the construction term.
22. **Real Property Collateral/Deed of Trust:** Borrower will grant to Lender a deed of trust encumbering the Property. The deed of trust will be in third priority, junior to a loan from Colorado Housing and Financing Authority (“CHFA”) and a loan from Freddie (collectively, the “Senior

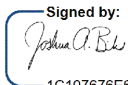


Loans”). Lender will enter into a subordination agreement with CHFA and Freddie with respect to the Project. As a condition precedent to closing, Lender must enter into an intercreditor agreement satisfactory to Lender with any senior lender. Maximum CLTV of 90%. *Lien will not be subordinated to equity providers.

23. **Other Closing Conditions:** All other customary closing conditions apply.
24. **Documents and Legal Requirements:** Borrower will be required to execute a Note, Deed of Trust, Loan Agreement, and all applicable Affordability Covenants (Land Use Restriction Agreements), and customary closing incumbency or similar certificates (collectively, with the guarantees, “Loan Documents”) associated with the specific terms and conditions of the comprehensive capital stack, and to furnish these and such other documents and made a part hereof. Borrower agrees that the Loan and this Term Sheet are subject to such additional documentation and legal requirements as may be deemed necessary by Lender's counsel.
25. **Affordability Requirements:** The Property must meet the minimum affordability requirements as stipulated in the awarded Proposition 123 equity award guidance, and any other applicable affordability conditions, requirements, and use covenants imposed by governing bodies with jurisdiction over the Project.
26. **Senior Loan Refinancing:** Buyer may not incur additional indebtedness secured by the Project to refinance one or more of the Senior Loans without the consent of Lender, which consent shall not be unreasonably conditioned or denied
27. **Equity Withdrawal:** Borrower may not withdraw any equity from the Project without the consent of Lender. For the avoidance of doubt, repayment of deferred developer fee and cash flow distributions to Borrower, after current and outstanding loan payments have been satisfied, shall not constitute the withdrawal of equity from the Project.

The above outlines the proposed terms we intend to administer on behalf of the Fort Collins Urban Renewal Authority and any additional future investors. These terms are contingent on formal review and approval by all contemplated investors and do not constitute any form of financial investment commitment on behalf of IDF.

Sincerely,

Signed by:

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