

EXHIBIT A
FORM OF LOAN AGREEMENT

This Loan Agreement ("Agreement") is made as of _____ ("Effective Date"), by and between the Board of County Commissioners on behalf of the County of Boulder, State of Colorado, a body corporate and politic, with offices at 1325 Pearl St., Third Floor, Boulder CO 80302 (the "Lender"), and La Luna Community Cooperative, a Colorado cooperative association, with offices at [726 E. Cleveland Street, Lafayette CO 80026] (the "Borrower").

RECITALS

WHEREAS, Borrower was formed by the residents of the manufactured housing community known as Mountain View Mobile Home Community ("Community") in order to acquire the Community, which is comprised of the real property described on Exhibit A attached hereto and incorporated herein by this reference, together with all improvements thereon and personal property used relative thereto (the "Property"). To the extent Borrower owns other personal property, such personal property will also be considered part of the Property.

WHEREAS, Borrower has contemporaneously herewith, obtained [_____] separate loan or loans totaling approximate [\$_____] ("Senior Loan") from [SENIOR LENDER] ("Senior Lender") in order to acquire, make capital improvements to and have sufficient operating reserves to own and operate the Community.

WHEREAS, Borrower has contemporaneously herewith, also obtained a \$495,000.00 loan (the "City Loan") from the City of Lafayette, a home-rule municipality in the State of Colorado, in order to acquire the Property.

WHEREAS, Borrower desires to borrow funds from Lender in the total sum of \$1,055,000.00 U.S. Dollars (the "Loan") in order to acquire the Property.

WHEREAS, the Property consists of manufactured home lots (the "Lots") which are leased to individuals ("Lot Leases") who place manufactured homes ("Homes") on the Lots.

WHEREAS, the Borrower consists of members ("Members") who own and reside in the Homes and lease the Lots through the Lot Leases from Borrower. There is one Member position available for each Lot.

WHEREAS, individuals become a Member of the Borrower by paying a nominal application fee, applying for membership and providing necessary documentation in order to qualify as a Member of Borrower.

WHEREAS, Lender has agreed to provide the Loan in order to (i) assist Borrower with the purchase of the Property, (ii) assist with the long-term preservation of the Community as a resident

owned and manufactured community dedicated to serving the needs of Low Income and Moderate Income individuals (both defined below) and (iii) to insure that the ownership of the Community is structured in such a manner to allow for rental amounts under the Lot Leases to remain as low as possible.

WHEREAS, Lender is willing to make the Loan upon the terms and conditions set forth herein and in the accompanying promissory note ("Note") and deed of trust ("Deed of Trust", together with the Note and this Agreement, the "Loan Documents"), with security for the Loan as set forth herein.

WHEREAS, Lender is willing to subordinate the Loan to the Senior Loan pursuant to a separate agreement.

WHEREAS, Lender is willing to rank its Loan pari passu in right of priority and payment and in all other respects with the City Loan as set forth herein.

NOW, THEREFORE, in consideration of the representations, covenants and agreements set forth below and for good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Lender and Borrower covenant and agree as set forth in the following paragraphs.

1. Promissory Note & Payment Terms.

(a) Upon execution and delivery to Lender by Borrower of the Note in the form attached hereto as Exhibit B, and of the collateral security for the payment of the Note as set forth in Section 2, Lender will loan to Borrower the principal sum of \$1,055,000.00 U.S. Dollars ("Principal Amount").

(b) Borrower shall not be obligated to make any periodic payments under the Note. The Note shall bear interest on the unpaid Principal Amount from the Effective Date, at the rate of 3% per annum ("Note Rate") (with interest to cease accruing 30 years after the Effective Date). The Note shall bear a default interest rate of 6% percent per annum ("Default Rate") from the date of any Event of Default. All interest shall be based on a 365-day year and charged on the basis of actual days elapsed from the Effective Date for the Note Rate and from the date of the Event of Default for the Default Rate.

(c) The entire outstanding principal balance on said Principal Amount and all accrued but unpaid interest, if any, due thereon (collectively, the "Outstanding Amount") shall be due and payable in full (i) on the occurrence of a Transfer Event, defined below, or (ii) Lender's declaration that the Outstanding Amount is due and payable under Section 7(i), and in either case, within five business days after Lender issues proper notice to Borrower in accordance with Section 8.

(d) Borrower may prepay the Loan at any time without any penalty. Any payments due under the Note shall be payable to Lender at such place as Lender may designate or by wire

transfer to Lender's designated bank account.

2. Deed of Trust.

(a) Borrower shall execute and deliver to Lender a Deed of Trust in the form attached hereto as Exhibit C, conveying for the benefit of Lender a security interest in any and all of Borrower's right, title, and interest in and to the Property. The Deed of Trust shall be recorded at the time of the acquisition by Borrower of the Property. The Deed of Trust shall (i) be subordinate to any security interest of the Senior Lender in the Property pursuant to the Senior Loan, and (ii) at all times rank pari passu with the deed of trust executed by Borrower and conveying for the benefit of the City a security interest in any and all of Borrower's right, title, and interest in and to the Property pursuant to the City Loan.

(b) Notwithstanding the order of attachment or perfection of the Lender's and the City's respective security interests in the Property, the Lender's and the City's security interests evidenced by their respective deeds of trust shall rank pari passu (i.e., have equal priority) and in the event that either Lender or the City realizes on its security interest by exercising any of their remedies under their respective deeds of trust, the proceeds of any such realization shall be allocated and paid as between Lender and the City on a pro-rata basis, in accordance with their Pro-Rata Share (defined below) as of the date of such realization.

(c) For purposes of this Agreement and the Loan Documents, the "Pro-Rata Share" means the proportion which the unpaid principal amount due under the note held by either the Lender (i.e., the Note) or the City (i.e., the City Note, defined below) bears to the aggregate unpaid principal amount due under the notes held by both of them.

3. Restrictive Covenant. Borrower shall execute and deliver to Lender a Declaration of Restrictive Covenant ("Restrictive Covenant") in the form attached hereto as Exhibit D, to be recorded at the time of the acquisition by Borrower of the Property.

4. Additional Actions and Documents. Borrower shall take such actions and will obtain and furnish to Lender such other documents, instruments, and agreements, as Lender may reasonably require, to evidence the Loan to vest, maintain, or perfect Lender's security interest in the Property.

5. Covenants, Representations, and Warranties. Borrower covenants, represents, warrants, and agrees to and with Lender that:

(a) Lender has not promised, represented, or committed that it will loan any additional sums of money to Borrower, or that Lender will renew or extend the Loan at its maturity;

(b) Borrower shall comply with all laws, acts, rules, regulations, and orders of any federal, state, municipal, legislative, administrative, or judicial body, commission, or office exercising any power of regulation or supervision of Borrower; provided however, that

Borrower may contest any such law, act, rule, regulation, or order in any reasonable manner that will not affect the interest of Lender;

(c) The Loan proceeds shall be used exclusively for the acquisition of the Property;

(d) Borrower shall notify Lender in writing immediately of any change in the nonprofit status, business structure or address of Borrower;

(e) Borrower is a Colorado cooperative association in good standing with the Secretary of State of Colorado and qualified to do business in Colorado, and Borrower will take all actions necessary to remain at all times in good standing with the Colorado Secretary of State;

(f) Except as provided in the Loan Documents, Borrower shall not, without the prior written consent of Lender, transfer any of its interest in, or grant or permit any security interest in, the Property to anyone except Senior Lender, Lender, and the City with respect to the City Loan;

(g) The obligations of Borrower under this Agreement and the Note shall rank and will at all times rank pari passu in priority of payment and in all other respects with Borrower's obligations under the City Loan and in respect to that certain promissory note of Borrower issued concurrently herewith to the City pursuant to the City Loan (such note hereinafter referred to as the "City Note"), such that all payments made on the Note and all actions taken by the Borrower with respect to this Loan shall be made and taken pari passu with respect to all payments made on the City Note and actions taken with respect to the City Loan;

(h) Borrower shall maintain its cooperative association status and shall operate under its bylaws, articles of incorporation and rules and regulations;

(i) Borrower will not inhibit or exclude individuals with Low Income or Moderate Income (both defined below) from becoming Members of Borrower and benefitting from membership in Borrower. At all times while the Restrictive Covenant encumbers the Property, in the event a Home is for sale, the seller of such Home must, for the first 30-day period ("Priority Period") during which such Home is for sale, only allow Low Income and Moderate Income individuals to purchase the Home on the terms and conditions set forth in the Restrictive Covenant. In addition, at all times while the Restrictive Covenant encumbers the Property, in the event a vacant Lot becomes available for Lease (without a Home on it), Borrower shall, for the Priority Period during which such Lot is made available for Lease, only allow Low Income and Moderate Income individuals to rent the Lot on the terms and conditions set forth in the Restrictive Covenant. If a Low Income or Moderate Income individual has commenced and is diligently pursuing in good faith the purchase of a Home or lease of a Lot, each a "Transaction," the Priority Period shall be extended until the Transaction is complete;

(j) At the expiration of the Priority Period, provided no Low Income or Moderate Income individual has leased the available Lot or purchased the available Home (or commenced and is diligently pursuing in good faith a Transaction, in which case, the Priority Period shall be extended until the Transaction is complete), then the Owner can make the Home available for Sale on the open market at the same Terms (as defined in the Restrictive Covenant) or in the case of a Lot for lease, make the Lot available for lease on the open market at the same Terms. In the event the Terms change, the Priority Period shall re-commence;

(k) Members who qualified for membership in Borrower because of an annual household income equal to or less than Moderate Income, and who experience an increase in their annual household income over time such that their income later exceeds Moderate Income, will remain eligible for membership in Borrower and all benefits related thereto;

(l) If either of the following occur (both of which are deemed a "Transfer Event") the Note shall be immediately due and payable in full: (i) Borrower elects to sell or otherwise dispose of the Property to an entity, organization or association other than a nonprofit affordable housing organization approved in advance by Lender, or (ii) in the event of a condemnation, insurance claim, or similar event that results in Borrower receiving funds and deciding to discontinue the operation of the Community;

(m) Borrower shall provide evidence to Lender, concurrent with the execution of this Agreement, and in the same manner and frequency required by Senior Lender, that at least 75% of the Members of the Borrower have provided household income verification documentation evidencing that they have annual household incomes at or below 100% of the AMI (defined below) ("Moderate Income"), and that at least 20% of the members of the Borrower currently residing at the Community have incomes at or below 80% of the AMI ("Low Income");

For purposes of this Agreement, "AMI" means the median annual household income for Boulder County, as adjusted by household size, and published annually by the Colorado Housing Finance Agency (CHFA), or comparable standard as approved by city council resolution.

(n) The Borrower will require that any resident of a Home moving into the Community after the Effective Date must become a Member of Borrower and reside in the applicable Home;

(o) Borrower shall at all times cause the Property to be maintained as a manufactured home community (the "Use"). Borrower shall use the Property, or cause the Property to be used, continuously for the current Use. Borrower shall not use, or permit the use of, the Property for any other use without the prior written consent of Lender;

(p) Borrower shall at all times maintain the Property in good condition, keep the Property insured as set forth herein, keep the Property lien free (except for the Senior Loan, this Loan, and the City Loan), and comply with all requirements, covenants and conditions as well as pay all obligations under the Senior Loan in a timely manner. Borrower

must deliver evidence of general liability insurance in the minimum amount of \$1 million, property insurance in the minimum amount of the replacement cost for Borrower's buildings and personal property including loss of business income coverage, directors and officers insurance and a fidelity bond covering Borrower's officers and agents who will be responsible for managing \$1,000 or more in cash, all on terms and from insurance providers acceptable to Lender in its sole and absolute discretion. General liability insurance policies shall name Lender as an "additional insured". Property insurance policies shall name Lender as "mortgagee and loss payee". Each policy shall provide that it may not be cancelled without 30 days' prior written notice to Lender. Lender reserves the right to require, at any time while the Loan remains outstanding, any other special insurance coverage or policies deemed to be prudent or advisable given the nature of the Borrower's Property and assets;

(q) If Borrower ever sells or otherwise disposes of the Property to a nonprofit affordable housing organization approved by Lender (i.e., not a Transfer Event), the Lender may allow the Loan to remain outstanding and the Property subject to the Deed of Trust and Restrictive Covenant; otherwise, the Loan must be repaid in full; and

(r) Throughout the term of the Loan, Borrower will provide to Lender, or its designee, annual financial statements of Property operations prepared on an accrual basis and in accordance with GAAP and delivered to Lender within 120 days of the end of each completed fiscal year.

6. Term. Except as otherwise stated herein, all of the terms and provisions of this Agreement will be in full force and effect until the earlier of (a) Borrower's full repayment of the Outstanding Amount, or (b) 99 years after the Effective Date, but only if no Transfer Event or Event of Default has occurred. Upon expiration of this Agreement and full satisfaction of Borrower's obligations herein, Lender will cancel the Note and deliver it to Borrower.

7. Default and Remedies. The following shall be considered a "Default" under this Agreement:

(a) The Borrower fails to pay the Outstanding Amount of the Note on the occurrence of a Transfer Event, or

(b) Borrower violates any obligation, covenant, representation, or warranty set forth in any of the Loan Documents, or

(c) Borrower is in breach or default of any obligation, covenant, representation, or warranty set forth in any of the City Loan documents; or

(d) The City declares the outstanding amount under the City Loan, or any other obligations of Borrower to City under the City Loan, immediately due and payable; or

(e) The City exercises any remedy or remedies against Borrower to which the City may be entitled under the City Loan documents; or

(f) Any other default or breach exists in any of the Loan Documents.

If such Default is not cured, in the event of Default of a monetary obligation within five business days after notice of such Default or, in the event of any other Default within 20 business days after notice of such default (each an "Event of Default"), then Borrower shall be deemed in default under this Agreement and each of the Loan Documents, and Lender may (i) declare the Outstanding Amount and all other obligations of Borrower to Lender, direct or indirect, absolute or contingent, now existing or hereafter arising, immediately due and payable, and (ii) exercise any and all other remedies to which it may be entitled under this Agreement, the other Loan Documents or applicable law, which remedies are cumulative and may be pursued concurrently or consecutively. All expenses incurred by Lender in connection with any remedy shall be deemed indebtedness of Borrower to Lender including, but not limited to, reasonable attorneys' fees incurred by Lender. In an Event of Default under this Agreement, the Note, or any other Loan Documents, the obligations owed thereunder shall accrue interest at the Default Rate.

8. Notices. All notices and communications hereunder shall be in writing and shall be served by prepaid regular service U.S. Mail, overnight delivery or by personal delivery, addressed to the party to whom such notice is intended or to such other places the parties may designate in writing. Any such notice shall be deemed given and effective three days after such notice has been deposited in the United States mail, the next business day if deposited in overnight delivery service, or when personally delivered to the specified parties. Notices shall be addressed to each party as set forth above.

9. Governing Law. This Agreement shall be governed by the laws of the State of Colorado. Should any dispute arise as to the interpretation hereof or as to any other matter regarding the Loan, the proper venue for such dispute shall be the County of Boulder, State of Colorado.

10. Entire Agreement. This Agreement, the other Loan Documents and the Restrictive Covenant constitute the entire agreement of the parties; there are no oral agreements, representations or understandings between the parties. Any amendments or modifications of this Agreement or the Loan Documents, in order to be effective, shall be in writing and signed by Borrower and Lender. No act of omission or commission of Lender, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Lender and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, personal representatives, successors and assigns, and no other person or persons shall have any rights or remedies under or by reason of this Agreement.

12. Severability. Whenever possible, each provision of this Agreement and the other Loan Documents shall be interpreted so as to be effective and valid under Colorado law. If any provision of this Agreement or of the Loan Documents or the application thereof to any party or circumstance shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement or of the Loan Documents or the application of such provision to such person or circumstances, other than those to which it is determined to be invalid or unenforceable, shall not be affected thereby and each provision of this Agreement and of the Loan Documents shall be valid and shall be enforced to the fullest extent permitted by law.

13. Assignment. Borrower may not assign, transfer, or encumber this Agreement or any right or interest created herein. Any purported assignment, transfer or encumbrance in violation of the foregoing, at the option of Lender, shall be deemed null and void or be a default of the Loan. Lender shall have the right to assign all or any portion of the Loan, this Agreement or any of the other Loan Documents. In particular, Lender may assign or otherwise sell participating interests in the Loan and accompanying Loan Documents to other governmental authorities or nonprofit organizations in such manner as Lender shall decide, in Lender's sole and absolute discretion.

14. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart, after counterparts are executed by each of the parties hereto, shall constitute one and the same agreement.

Exhibits to Agreement:

- EXHIBIT A – Property Description
- EXHIBIT B – Form of Promissory Note
- EXHIBIT C – Form of Deed of Trust
- EXHIBIT D – Form of Restrictive Covenant

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

LENDER
Board of County Commissioners
County of Boulder, State of Colorado

Attest:

Commissioner Claire Levy

Clerk to the Board

BORROWER:
La Luna Community Cooperative

By: _____
[Name]
[Title]

EXHIBIT A

Legal Description of Property

[LOTS 29 & 30 LESS PT TO CITY COWLING ADD PAXTON
AKA MOUNTAIN VIEW MHP]

EXHIBIT B

Form of Promissory Note

EXHIBIT C

Form of Deed of Trust

EXHIBIT D

Form of Restrictive Covenant