

## PROMISSORY NOTE

Principal Amount: U.S. \$285,000.00

Date of Note: March 13, 2017

FOR VALUE RECEIVED, the undersigned Posada, Inc., a Colorado nonprofit corporation, hereinafter referred to as "Borrower", and its successors in interest, promises to pay to the City of Pueblo, a Municipal Corporation, hereinafter referred to as the "Note Holder", the principal sum of Two Hundred Eighty-Five Thousand and No/100 (U.S. Dollars (\$285,000.00) and interest on the principal balance outstanding from the date hereof until paid, at the rate prevailing on the date of the grant closing pursuant to the Internal Revenue Services' applicable revenue ruling per annum, provided payment is made in accordance herewith, and payable at the Note Holder's office at 1 City Hall Place, Pueblo, Colorado, 81003, or such other place as Note Holder may designate, upon demand of the Note Holder after occurrence of the events specified in this Note.

The grant evidenced by this Note is being made to finance a residential housing project (hereinafter referred to as the "Project") in accordance with the Agreement. This Note and all principal and interest payable hereunder are secured by a Deed of Trust of even date herewith upon real property, upon which the Project is located or to be located, and all improvements thereon, situated in the County of Pueblo, State of Colorado (hereinafter referred to as the "Property") and described more particularly as:

LOT 15 BLK 28 STARLITE HILLS 3<sup>RD</sup>

also, known as 2105 Norman Lane, Pueblo, CO 81004.

The terms, conditions, covenants, provisions, stipulations, and agreements of said Deed of Trust and said Agreement are hereby made a part of this Note by reference in the same manner and with the same effect as if they were fully set forth herein, and the Borrower hereby covenants and promises to abide by and comply with each and every covenant and condition set forth in this Note, the Deed of Trust and the Agreements.

The Borrower reserves the right to prepay all or any part of the principal owing on this Note at any time or times prior to maturity without notice and payment of any premium or penalty.

Upon the occurrence of any of the following events, the entire unpaid principal hereof, together with all accrued interest thereon, shall, at the option of the Note Holder, and without notice, become at once due and payable and shall accrue interest at the default rate of twelve percent (12%) per annum thereafter until paid in full, and no failure by the Note Holder to exercise such option shall be deemed or construed as a waiver of the right to exercise the same in the event of any subsequent default or breach:

1. Any default in the payment when due, or any part of the principal or interest hereunder.
2. Any breach or failure of the Borrower to perform within the allotted time any term or condition of the Agreement, the Deed of Trust, or any other instrument securing to

the Note Holder payment or performance of any obligation of the Borrower.

3. If the Borrower shall be involved in financial difficulties as evidenced: (i) by an admission in writing of the Borrower's inability to pay its debts generally as they become due; (ii) by filing a petition in bankruptcy or for the adoption of an arrangement under the federal Bankruptcy Code (as now or in the future amended) or an admission seeking the relief therein provided; (iii) by making an assignment for the benefit of creditors; (iv) by consenting to the appointment of a receiver or trustee for all or a substantial part of the Borrower's assets or to the filing of a petition against the Borrower under said Bankruptcy Code; (v) by being adjudicated as bankrupt; (vi) by the entry of a court order appointing a receiver or trustee for all or a substantial part of the assets of the Borrower or approving as filed in good faith a petition filed against the Borrower under said Bankruptcy Code; (vii) by the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of the assets of the Borrower; (viii) by an attachment for an amount in excess of \$25,000 on any substantial part of the assets of the Borrower which shall not be discharged within thirty (30) days from the making thereof; or (ix) by a judgment or decree for the payment of money in excess of \$25,000 being entered against the Borrower, or if an attachment, execution or levy is made upon any of the Borrower's assets and the judgment, execution or levy, as the case may be, is not discharged or stayed within thirty (30) days from the date of the judgment, attachment, execution or levy as the case may be.
4. If the Borrower shall have made any misrepresentation or a material nature in its application for the grant, or in any document furnished by it to the Note Holder relative to the Project.
5. If there is pending or threatened litigation with respect to the grant or the performance by the Borrower of any of its duties or obligations hereunder.
6. If the Project cannot proceed because of inability to continue land option or secure zoning or due to any action by any branch of government which impairs use of the Property herein described for proposed Project purposes.
7. If the Note Holder determines that the Borrower has abandoned or discontinued the acquisition, construction, rehabilitation, or completion of the Project.

The Borrower, and any and all endorsers, sureties, guarantors and assumers hereof, hereby jointly and severally waive presentment, protest, notices of dishonor and of protest, and all defenses whatsoever on the ground of any extension(s) of the time of payment or of the due dates of this Note, in whole or in part, before or after maturity, with or without notice, it being further agreed by the Borrower and all such parties that they will pay all collection expense, court costs, and reasonable attorneys' fees which may be incurred in the collection or enforcement of this Note or any part hereof. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of

the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Agreement or Deed of Trust.

This instrument shall be governed by the laws of the State of Colorado and any dispute regarding its terms and conditions shall be resolved in the District Courts of the State of Colorado.

Executed and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Posada, Inc.,  
a Colorado nonprofit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_