HOUSING AUTHORITY WORK SESSION

Monday, May 5, 2025 at 4:30 PM

MEETING LOCATION

1101 Broad Street, Meeting House, Milliken, CO 80543

Zoom Meeting Details

To Join via Zoom

https://us02web.zoom.us/j/87125237589?pwd=c0pRcHM4cTNWcEZpMUZCbFRMTUlDdz09

1. **Discussion Agenda**
   a. **MHA Event Planning - Pets and Property Resource Event**
   Sloane Hawes, Housing Authority Commissioner
   b. **Loveland Housing Authority Partnership Agreement with Milliken Housing Authority**
   Sloane Hawes, Housing Authority Commissioner

INTERGOVERNMENTAL DEVELOPMENT SERVICES AGREEMENT

By and Between the Town of Milliken, Milliken, Colorado and the Housing Authority of the City of Loveland, Loveland, Colorado

This Intergovernmental Development Services Agreement ("IGA") is being made by and between the Town of Milliken, Milliken, Colorado ("Town"), a Colorado body corporate and politic, and the Housing Authority of the City of Loveland, Loveland, Colorado ("HACOL"), a Colorado not-for-profit corporation for the purposes and conditions as described herein:

WHEREAS, the Town is a Colorado politic and is desirous of providing affordable housing for the senior members of its community; and

WHEREAS, the Town is seeking assistance from a qualified entity to provide knowledge and expertise in the funding, design, construction, and management of any affordable senior housing offered to the citizens of the community; and

WHEREAS, the HACOL is an incorporated Housing Authority within the State of Colorado whose purpose and mission is to design, construct, and manage affordable housing properties for all members of the community; and

WHEREAS, the HACOL has knowledge and expertise in the funding, design, construction, and management of affordable senior housing communities;

NOW, THEREFORE, in consideration of mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

Project Definition

The "Project" shall be that of a single five (5) acre construction site located in the southwest quadrant of the Town in close proximity to Quentine Avenue and Inez Boulevard. The Project shall include the construction of twenty (20) single family "ranch style" attached homes resulting in ten (10) separate and distinct buildings. Each home shall be a rental type home available to those persons in the community who are at least 55 years of age and who meet certain income guidelines established by and through the various funding sources.

Purpose of Agreement

The "Purpose" of this Agreement shall be for the Town to contract with HACOL in order to acquire funding and pre-construction consultation, construction management, and initial lease-up services in order to assist the Town in building the Project and achieving the required occupancy goals defined as part of the guidelines established by and through the various funding sources for the Project.

Scope of Services

HACOL shall perform certain consulting, management, and lease-up services for the Project on behalf of the Town as defined herein.

Ownership and Development of the Project

The Project shall be owned by a single-purpose limited partnership, which at the time of the execution of this Agreement may not be fully constituted. HACOL shall be a co-general partner of the limited partnership, and the Town, participating directly or through a separately created entity, yet to be determined by the Town, shall also be a co-general partner of the limited partnership. HACOL and the Town shall be co-developers of the Project with HACOL having primary responsibility for the funding, pre-construction consultation, construction management, and initial lease-up services of the Project.

It shall be the intent of both parties to prepare the Town to accept greater responsibility for the Project over time, as shall be defined in the Limited Partnership Agreement ("LPA") and to further define as part of the LPA the roles and responsibilities of each party concerning the operating risks and the tax credit compliance requirements.

HACOL shall prepare and submit to the Town (i) reasonably complete (but not final) plans and specifications for the Project, (ii) an initial development budget, (iii) a projected development timetable for the Project, and (iv) an initial pro-forma operating expense budget, which shall be subject to adjustment for inflation. The projected development timetable shall provide sufficient time at appropriate stages in the process for the Town to review all preliminary and final site plans, floor plans, construction drawings, final plans and specifications, construction agreements, financing commitments and other material elements of the Project. The Town shall, within a reasonable time period, notify HACOL of any comments, objections, or requested changes. Thereafter, the parties shall work together in good faith to agree on the final plans and specifications, development budget including financing and the projected development timetable.

In the event that the parties are unable to agree on the final plans and specifications, development budget and projected development timetable prior to February 1, 2006, either party may terminate this Agreement by giving written notice to the other parties prior to reaching such agreement on the final plans and specifications, development budget and projected development timetable. In the event this Agreement is terminated, the Town shall reimburse HACOL all documented amounts advanced to the Project and amounts expended for administrative costs. Subject to receiving the information, the reimbursement shall be made no later than sixty (60) days from the termination of this Agreement.

Notwithstanding any approved development budget for the Project, budgeted amounts on any line item in excess of the actual cost for that line item may be used to fund costs of the Project in any other line item that exceeded the amounts budgeted for that item subject to the overall budget cap approved by the Town. Not withstanding anything to the contrary and unless an extension is agreed to by both parties to this Agreement, this Agreement shall terminate on December 31, 2006.

Responsibilities of HACOL

Subject to review and approval by the Town as provided below, HACOL shall be responsible for the following:

1. HACOL shall assist the Town in the creation of the Partnership, as defined in the paragraph, *"Ownership and Development of the Project",* and shall assist the Partnership in obtaining the low-income housing tax credit allocation as defined in Section 42 of the Internal Revenue Code ("IRC,Sec.42");

2. Assist the Partnership in obtaining other grants and equity funding sources in order to meet the requirements of the development budget as may be required;

3. Assist the Partnership in obtaining a construction loan for the construction of the Project ("Construction Loan"). Subject to the provisions of this Agreement, HACOL shall manage the funding process (including the submission, authorization, and payment of all draw requests) for the Construction Loan, and the Partnership hereby assigns to HACOL the right to sign all draw requests submitted in connection with the Construction Loan, subject to the provisions of this Agreement. All construction draws shall be funded out of an interest bearing account held by the construction lender. HACOL and the lender shall be responsible for payments to the proper parties pursuant to the approved budget.

4. HACOL shall work with the Town to obtain a permanent loan (the "Permanent Loan") and assist the Town in providing any required documentation and due diligence in order to facilitate the loan closing process.

5. Obtain all necessary permits for, and oversee the development, construction, and operations of the Project;

6. Coordinate the completion of the plans and construction specification for the Project;

7. Assist the Town in the negotiation and consummation of a construction contract for the construction of the Project;

8. Supervise construction of the Project, including monitoring and supervising performance of the construction contractor, working with the supervising architect, and coordinating inspections and other approvals required during the construction of the Project;

9. Supervise the construction contractor in connection with the purchase of construction materials, supplies, equipment and other items needed for the Project and HACOL represents and warrants that all contracts in connection with the construction shall be arm's length contracts and that all costs it charges to the Project, whether under such contracts or otherwise, shall be for the actual costs of such items or services, including the benefit of any discounts available to HACOL, which shall be credited back to the Project;

10. HACOL shall be responsible and shall work with the Town to provide initial lease-up services for the occupancy of the rental units consistent with the income housing tax credit requirements as defined in IRC,Sec.42.

11. Provide monthly progress reports to the Town.

<u>Inspecting Architect</u>

The Partnership shall engage an inspecting architect to review and approve all construction draws and take other actions customary for the inspecting architect in connection with administration of the construction contract and the Construction Loan. All costs of the inspecting architect or architects shall be paid by the Partnership, and the contract(s) with the architect(s) will be between the architect(s) and the Partnership.

Nothing in the Agreement shall be interpreted as a waiver by the Town or its right to object to, or prevent the Town from reviewing compliance matters with respect to the construction budget or the plans and specifications for the Project.

<u>Responsibilities of the Partnership and the Town</u>

The Partnership and the Town each agree to cooperate with HACOL and work in good faith in connection with carrying out the purposes of this Agreement and all other agreements in connection with the development, construction, operations, and management of the Project. In addition, the Town, as managing general partner of the Partnership, shall cause the Partnership to (a) acquire the Property and the existing development rights for the Property, (b) enter into such agreements as contemplated by this Agreement, and (c) execute and deliver such documents as required in connection with the construction loan and permanent financing.

Accounting

Until completion of the Project, the internal accounting department of HACOL shall be responsible for accounting for all development costs, for preparing all construction draw requests of the project and maintaining the partnership accounting records. At the request of the Town, HACOL shall deliver to the Town copies of all construction draw requests (including all related invoices, etc.).

HACOL shall make available to the Town copies of all other accounting records (including copies of invoices, purchase orders, etc.) developed or maintained with respect to the Project. HACOL shall be responsible for all accounting and other financial reports required to be delivered to the Limited Partner under the terms of the Partnership Agreement for the Partnership, and for all accounting and other financial reports required to be delivered to the lender under the terms of the Construction Loan and the Permanent Loan.

HACOL shall be responsible for the submission of all forms to the Colorado Housing and Finance Authority ("CHFA") and the Internal Revenue Service ("IRS") relating to the cost certification (including but not limited to IRS Form 8609), and shall submit to CHFA the completed cost certification and related required materials within the time periods required by CHFA, but no later than three months following completion of construction. When the development is complete and permanent financing has been obtained HACOL will deliver the partnership development accounting records to the Town or its designee.

Costs incurred by HACOL resulting from third-party auditors, attorneys, or other consultants which may be required and related to obtaining or reporting any of the documents defined in this paragraph, or which may be related to HACOL fulfilling its responsibilities as defined in this Paragraph shall be costs of the development and shall be paid by the limited partnership.

Approval of Plans and Specifications and Financing Documents

In addition to approvals as defined in paragraph *"Ownership and Development Of The Project"*, the Town shall have a reasonable opportunity to review, and HACOL shall obtain the prior written approval by the Town of all the following with respect to the Project:

1. The development budget (including contingency) and development timetable and all material modifications to either of them;

2. All preliminary and final site plans, floor plans, construction plans, final plans and specifications;
3. The terms and documents for the Construction Loan;
4. The terms and documents for the Permanent Loan;
5. The construction contract with respect to the Project;
6. The development and building permits and approvals.

Without limiting the generality of the preceding, HACOL shall not make or enter into any material commitments, agreements or obligations with respect to the Project without the prior approval of the Town.

Developer's Fee

The Partnership shall pay to HACOL and to the Town, a developer's fee ("Developer's Fee") equal to the maximum developer's fee permitted for the Project under the CHFA guidelines relating to the allocation of low income housing tax credits for the Project.

Based on the relative responsibilities and obligations of HACOL and the Town under this Agreement and except as provided below, all payments of the Developer's Fee shall be allocated fifty percent (50%) to HACOL and fifty percent (50%) to the Town. The amount payable to HACOL, as identified in this paragraph, are exclusive of any reimbursements due HACOL as a result of third party expenses incurred and as may have been defined in Paragraph, *"Accounting"*.

Payment of Developer's Fee

A portion of the Developer's Fee shall be payable from cash sources of debt and equity from the Project, at such time as all of the following have occurred: (i) the construction of the Project has been completed, (ii) the Partnership has obtained the Permanent Loan, and (iii) all IRS Forms 8609 for the Project have been completed and submitted to the Internal Revenue Service. The final development budget approved and defined in the paragraph, *"Ownership and Development of the Project"*, shall include an amount (the "Cash Portion") representing the portion of the Developer's Fee expected to be paid in cash. As of the date of this Agreement, the total projected Developer's Fee is identified as $375,000.

Except as otherwise provided in this Agreement, an amount up to the Cash Portion of the Developer's Fee paid in cash shall be made fifty percent (50%) to HACOL and fifty percent (50%) to the Town, except that the first $187,500 shall be paid to HACOL. Both parties acknowledge that the $187,500 is included in and not in addition to the fifty percent (50%) that HACOL is to receive under this Agreement. Any portion of the Developer's Fee remaining unpaid after the initial payment as set forth in this Paragraph shall be evidenced by a promissory note (the "Developer Fee Note") from the Partnership to HACOL and the Town and shall be paid as funds become available to the Partnership. The Developer Fee Note shall provide that payments shall be allocated between HACOL and the Town in the manner set forth in this Agreement.

Property Management

Upon the request of the Town and the Partnership, HACOL shall provide property management services to the Project. Said management services shall be consummated and administered through the adoption of a Property Management Agreement ("PMA") which shall be negotiated and finalized at an appropriate time prior to the occupancy of the Project and agreed to in writing by the Town, the Partnership, and HACOL.

HACOL shall perform such property management services so as to keep the Project in compliance with IRC,Sec.42. HACOL shall maximize the rental payments permitted to be received under IRC, Sec.42. HACOL shall not refuse to approve reasonable terms requested by the Limited Partner or insist on terms not acceptable to the Limited Partner. The Town and the Partnership agree that the PMA for the Project shall not be amended or modified without the written consent of HACOL.

Notices

All notices hereunder shall be in writing and shall be personally delivered or mailed, registered or certified U.S. mail, return receipt requested, first class postage prepaid, or delivered by a nationally recognized overnight delivery service, to the parties hereto at their respective addresses set forth below, or at such other address of which either party shall notify the other party in accordance with the provisions hereof:

If to HACOL:

The Housing Authority of the City of Loveland
375 W. 37th. Street, Suite 200
Loveland, Colorado 80538
Atten: Executive Director

If to Town:

The Town of Milliken
P.O. Box 290
Milliken, Colorado 80543
Atten: Town Administrator

If to the Partnership:

Miscellaneous

This Agreement constitutes the entire contract between the parties hereto and supersedes all prior agreements or understandings. No change, modification, or wavier of any of the provisions of this Agreement shall be effective or binding upon the parties unless in writing and signed by all parties. This Agreement shall be construed, and the rights and obligations of the parties hereunder shall be determined, in accordance with the laws of the state where the Project is located. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Assignment

The Town may assign its interest in this Agreement to the Partnership after the formation of the Partnership.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 4th day of October, 2005:

Other Witnesses To Agreement:

____

____

THE HOUSING AUTHORITY OF THE CITY OF LOVELAND

By: [signature]

Title: Executive Director

Date: 10-4-05

[signature]

Town Clerk

THE TOWN OF MILLIKEN

By: Linda L. Measner

Title: Mayor

Date: ______________________

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT ("Agreement") is made as of January 18, 2007 by and between Dove Valley Senior Housing LLLP a Colorado limited liability limited partnership ("Owner"), and Housing Authority of the City of Loveland, a Colorado non-profit corporation ("Manager");

WHEREAS, Owner is the owner of a 20 unit senior housing complex intended for rental to persons of low and moderate income, known as Dove Valley Homes (the "Project");

WHEREAS, Housing Quest Corporation, a Colorado for-profit Corporation (the "General Partner"), Dove Valley Senior Housing LLLP, a Colorado limited liability limited partnership (DVSHP), MMA Milliken, LLC, a Delaware limited liability company (FUNDS), and MMA Special Limited Partner, Inc., a Florida Corporation (FUNDS) are the sole partners of Owner; Owner is governed by its Third Amended and Restated Agreement of Limited Partnership dated January, 2007 (such agreement and any amendments or modifications made hereafter is referred to herein collectively as the ("Partnership Agreement") ;

WHEREAS, Manager is engaged in the business of property management; and

WHEREAS, Owner desires to engage Manager as property manager under the terms set forth in this Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, OWNER AND MANAGER MUTUALLY AGREE AS FOLLOWS:

1. <u>DEFINITIONS</u>

   a. "Affiliate" means any person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with any General Partner or with another designated Person as the contest may require.

   b. "Agency" means the Colorado Housing and Finance Authority, or any successor agency, in its capacity as the designated agency of the State in which the project is located to allocate Tax Credits, acting through any authorized representative.

   c. "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision of provisions of succeeding law.

   d. "Excluded Revenues" means revenues from condemnation or casualty proceeds, any cash advances from owner or any partner of owner, loss of rental or other type of business interruption insurance, refunds or rebates from suppliers or vendors, revenue from the sale of any personal or real property of Owner, refundable deposits until forfeited, or revenue from any source other than the customary operations of the Project.

e. "Extended Use Agreement" means the extended low-income housing commitment executed or to be executed by the Owner and properly recorded in the appropriate land records for the jurisdiction in which the Project is located, setting forth certain terms and conditions under which the Project is to be operated and which meets the requirements of Code Section 42(h)(6)(B).

f. "Gross Operating Revenues" means the actual monthly cash collections from the customary operations of the Project consisting of rental (for apartment units, parking, garages (if any) or other facilities), vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, late charges, cleaning fees, pet fees and other operating receipts, excluding applicable sales tax; gross Operating Revenues shall not include any Excluded Revenues.

g. "Minimum Set-Aside Test" means the set-aside test selected by the Owner pursuant to Section 42(g) of the Code whereby at least 40% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

h. "Person" means any individual, partnership, corporation, trust, Limited Liability Company or other entity.

i. "Project Lenders" shall mean any Person in its capacity as a holder of a Project Loan.

j. "Project Loans" shall mean secured loans made to Owner.

k. "Regulatory Requirements" shall have the meaning set forth in Section 5(f) (7) hereof.

l. "Rent Restriction Test'" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the low-income units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

m. "Reserve for Replacements" means the Reserves required to be maintained under the Partnership Agreement and any other reserve for replacements required under any Project Loans.

n. "Tax Credit" means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

2. APPOINTMENT OF MANAGER. On and subject to the terms and conditions of this Agreement, Owner hereby retains Manager to manage and lease the Project commencing on the date hereof April 1, 2007.

3. TERM. This Agreement shall commence on the April 1, 2007 and subject to Section 10, shall expire on the date 12 months from April 1, 2007 ("the Original Term"). The term will be automatically renewed at the end of Original term or any later Renewal Term (each one-year term after the Original Term being referred to herein as the "Renewal Term") for an additional one year, unless terminated in accordance with the provisions of Section 10. The terms and conditions during any renewal Term shall be the same as the terms and conditions during the Original Term.

4. MANAGEMENT FEES. In consideration of the performance by Manager of its duties and obligations hereunder, Owner shall pay to Manager a management fee ("Management Fee") equal to 6.8% of Gross Operating Revenues, which fee is calculated monthly beginning with the month after the month in which the project occupancy began. Manager shall submit to Owner an invoice detailing the calculations of the management fee each month, no later than the fifteenth (15^{th}) day of the next succeeding month.

5. AUTHORITY AND RESPONSIBILITIES OF MANAGER

   a. Independent Contractor. In the performance of its duties hereunder, the Manager shall be and act as an independent contractor with the sole duty to supervise, manage, operate, control and direct performance of the details of its duties incident to the specified duties and obligations hereunder, subject to the rights of the owner, as described herein. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or employment relationship, or otherwise to create any liability for one party with respect to indebtedness, liabilities or obligations of the other party except as otherwise may be expressly set forth herein.

   b. Standard of Care. Manager shall perform its duties and obligations in a professional, competent, businesslike and efficient manner as would a first class property manager of apartment projects similar to the project and apartment projects generating Tax Credits.

   c. Depository Accounts. All rents and other revenue from the Project shall be deposited by manager into one or more deposit accounts designated by owner and shall be insured by the Federal deposit Insurance Corporation (each a "Depository Account"). The Depository Account shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not co-mingle the Depository Account with any other funds. Checks may be drawn upon such Depository Account only by persons authorized by Owner in writing to sign checks. The Depository Account shall be established at First National Bank.

d. Security Deposits. Manager shall deposit and maintain all security deposits in a separate account that is interest bearing and distinct from the Depository Account. This account shall be the sole and exclusive property of Owner.

e. Budgets. Manager shall prepare and present to Owner in a format approved by Owner, prior to the Commencement Date and annually thereafter, by November 15, annual operating budgets for the project for the following calendar year; which once approved by owner, FUNDS and Manager shall be the budget ("Budget"). Except in cases of emergency or payment of utility expenses or payment of up to $5,000 of expenses in any category over the amount set forth in the Budget, without the written approval of Owner, Manager shall not incur any expenses that are not included within the approved Budget for the current year. Once a Budget is approved by Owner AND FUNDS, any variations or changes must be approved by owner AND FUNDS in writing.

f. Leasing, Collection of Rents, Etc.

i. Manager shall use its best efforts consistent with the standard of care set forth herein to lease apartment units, retain residents and maximize Gross Operating Revenues.

ii. Manager shall sign apartment leases on behalf of Owner, in its capacity of property manager hereunder. Manager shall only sign leases in the form of lease approved by owner. Manager shall not enter into any lease which has a term greater than 12 months.

iii. Manager shall collect rents, security deposits and other charges payable by tenants in accordance with the tenant leases, collect Gross Operating Revenues due Owner with respect to the Project from all other sources, and deposit all such monies receive immediately upon receipt as provided in Section 5 and Section 5(d). If Manager receives Excluded Revenues, it shall immediately deposit them in an account designated by owner.

iv. Manager shall pay all debt service, monthly bills and insurance on the Project from the Depository Account as set forth in the Budget and make the deposits of monies into the reserve for Replacements from the Depository Account which is required under the Project Loans and the Partnership Agreement.

v. Manager shall, at Owner's expense, terminate leases, evict tenants, and institute and settle suits for delinquent payments as Manager deems advisable, subject to other provisions of this Agreement. In connection therewith, Manager may, at Owner's expense, as limited by the provision of Section 5(m), consult and retain legal counsel.

vi. Manager acknowledges the Owner's objective of obtaining Tax Credits for all of the units in the Project. Manager represents and warrants that it is familiar with Section 42 of the Code and the requirements thereto, including without limitation (i) the Minimum Set-Aside Test, (ii) the Rent Restriction Test, (iii) the Extended Use Agreement, (iv) the Regulatory Agreement, if any, (v) the requirements in Section 42 (g)(2)(D) that the next available unit must be rented to a low-income tenant if income rises above 140 percent of income limit; (vi) rules and regulations regarding qualification for Tax Credits where units are vacant; and (vii) rules and regulations by the Agency, (collectively referred to herein as the "Regulatory Requirements"). Manager agrees to operate the Project in a manner which meets the Regulatory Requirements, including but not limited to the following:

1. To cause the apartment units in the Project to be leased to tenants who comply with all Regulatory Requirements;

2. To obtain from all tenants in the Project the right to receive annual reports from such tenants concerning their incomes and family sizes and any other information needed to verify eligibility;

3. To execute a lease for any rental unit in respect of which Tax Credits have been allocated to the Owner only upon first obtaining certification from the tenant, and such other information as may be required by the Regulatory Requirements to determine income criteria for low-income housing, to establish that the tenant satisfies the income criteria for low-income housing;

    a. To prepare for Owner's signature, and then to file in a proper manner, the annual certifications (not including IRS Form 8609) required by the provisions of law referred to in Code Section 42(g); and

    b. To cause the Project to be operated in a manner that complies with all other statutes, regulations and agreements which must be complied with in order for Owner to obtain the Tax Credits with respect to all of the units in the Project

Management Agent further acknowledges that the Partnership is required under the Partnership Agreement to use best efforts to lease one hundred percent (100%) of the tax credit set aside units in Dove Valley Homes to tenants whose income and rent levels qualify such apartments for inclusion in meeting the requirements for Low Income Housing Tax Credits (the "Credits") and:

(i) Management Agent shall require each prospective tenant to certify, on the lease application or lease, the amount of such tenant's annual family income, family size, and any other information reasonably requested by the Partnership in connection with the Credits. Management Agent shall require the tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes. The Partnership shall give Management Agent advance written notice of such requirements.

(ii) The Partnership shall from time to time furnish Management Agent with a written schedule of maximum rents for the apartments, depending on family size. Without the Partnership's express prior written consent, Management Agent shall not enter into any lease on behalf of the Partnership at a rental amount exceeding the application maximum.

(iii) Management Agent shall maintain and preserve all written records of the tenant's family income and size, and any other information reasonably requested by the Partnership in writing in connection with Credits, throughout the term of the Management Agreement, and shall turn all such records over to the Partnership upon the termination or expiration of the Management Agreement.

c. (iv) If requested by the Partnership in writing, the Management Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Credits.

g. <u>Repair, Maintenance and Service</u>

i. Manager shall, at Owner's expense and subject to limitations in accordance with the Budget, maintain the Project in good repair and condition, consistent with the standard of care set forth herein.

ii. Subject to the other terms and conditions of this Agreement, Manager in its capacity hereunder shall execute contracts, on behalf of Owner, for water, electricity, gas, telephone, television, vermin or pest extermination and any other services which are necessary to properly maintain the Project. Manager shall, in Owner's name and at Owner's expense subject to Section 5(m), hire and discharge independent contractors for the repair and maintenance of the Project. Other than tenant leases, which Manager is authorized to execute hereunder and contracts approved in writing by Owner, all contracts entered into by Manager in name of Owner must permit the Owner to terminate such contract without payment of any penalty or premium with thirty (30) days notice. Manager shall act at arms length with all contractors and shall employ no Affiliates of Manager or a General Partner without the prior written consent of the Owner. Notwithstanding the foregoing, Manager shall be entitled to use its maintenance staff to perform repairs and charge the Partnership for such repairs at the rates set forth on Exhibit A attached hereto.

h. <u>Manager's Employees</u>. Manager shall have in its employ at all times a sufficient number of employees to professionally manage the Project in accordance with the terms of this Agreement. Manager shall prepare, execute and file all forms, reports and returns required by applicable laws relating to such employment. All payroll costs (including benefits and worker compensation premiums) for on-site employees shall be at Owner's expense from available cash flow. However, Owner shall not pay or reimburse Manager for all or any part of Manager's general, administrative and overhead expenses, including salaries and payroll expenses of personnel of Manager not working on- site; provided, however, Owner shall also be responsible for paying the portion of the payroll costs (including benefits and worker compensation premiums) for employees of Manager who customarily would be on-site but perform their services from offices of Manager which equals the ratio of the time such employee performs services for the Project (based on a completed time card) to the total time such employee works on projects managed by Manager (based on such time card). All matters pertaining to the employment and supervision of all of Manager's employees shall be the sole responsibility of the Manager, which in all respects shall be the employer of such employees, and Owner shall have no liability with respect to such matters.

i. Manager's Insurance. With respect to its operations of the Project, Manager shall carry (i) worker's compensation insurance for Manager's employees engaged in the performance of any work undertaken under this Agreement, including employer's liability coverage with a limit of not less than $1,000,000 in the aggregate; such policy must be in compliance with the statutory requirements of the state in which the Project is located, (ii) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than $4,000,000 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Owner shall reasonably require, (iii) a crime insurance policy with a limit of no less than $254,000, including insuring agreement for employee dishonesty, forgery and alteration. Limits of liability for each insuring agreement shall not be less than $100,000, with a maximum deductible of $5,000 per claim. If the Manager provides services similar to those set forth in this Agreement to third-party clients with which the Manager has no other affiliation, Manager shall carry a professional liability insurance policy covering all the activities of Manager; such policy shall be written on a $1,000,000 in the aggregate and with a maximum deductible of $10,000. Any loss within the deductibles of these policies shall be borne by Manager unless otherwise reimbursable under this Agreement. All policies of insurance shall be maintained during the period of this Agreement. Each policy shall be from an insurance company rated "A" or higher by the A.M. Best Insurance Guide, with a financial size category rating of twelve (12) or higher. Each policy shall be endorsed to include the provision giving the Owner at least thirty (30) days prior written notice of cancellation, non-renewal or material change of the policy. The commercial general liability insurance policy shall be endorsed to include as additional insured the Owner. Manager shall furnish Owner with copies of all such endorsements and with Certificates of Insurance evidencing such policies and the renewals thereof. Owner shall further have the right to receive full copies of the insurance policies for its review. Other than the cost for worker's compensation insurance, the Manager shall pay without any right of reimbursement all costs of maintaining the insurance required under this section.

j. Owner's Insurance. Owner shall carry, at Owner's expense, such insurance as it deems appropriate. The commercial general liability and excess/umbrella liability policies, if any, for Owner shall be endorsed to include Manager as an additional insured.

k. Waiver of Subrogation. Manager hereby waives all rights of recovery against Owner, each person who holds a direct or indirect ownership interest in Owner, and the respective partners, officers, directors, trustees, agents, employees and affiliates of Owner and such owners for any Claim (as hereinafter defined) covered under any insurance policy that is maintained by Owner or Manager (whether or not required by this Agreement). The Manager shall upon obtaining the policies of insurance required by this Section, notify the insurance carrier that the foregoing waiver is contained in this Agreement and shall require such carrier to include an appropriate waiver of subrogation provision in the insurance policies.

l. Maintenance of Records. Manager agrees to keep and maintain at all times all necessary books and records relating to the leasing, management and operation of the Project including all books and records relating to the reporting requirements under Code Section 42, and to prepare and render to Owner monthly itemized accounts of receipts and disbursements incurred in connection with its leasing operation and management by the twentieth (20th) day of the following month. Unless Owner, in writing, expressly directs, Manager shall not be required to file any reports other than such monthly statements. An annual audit report shall be prepared at Owner's expense, showing a balance sheet and an income and expense statement, all in reasonable detail and certified by an independent Certified Public Accountant. All books, correspondence and data pertaining to the leasing, management and operation of the Project shall, at all times, be safely preserved. Such books, correspondence and data shall be available to Owner at all reasonable times, and shall, upon the termination of this Agreement be delivered to Owner in their entirety and upon request of Owner be delivered to Owner within thirty (30) days of such request. Manager shall maintain files of all original documents relating to reporting requirements under Code Section 42, and all leases and other contracts relating to the Project in an orderly fashion at the Project, which files shall be the property of Owner and shall at all times be open to Owner's inspection.

m. Operating Expenses. Manager shall use reasonable efforts to minimize operation expenses by obtaining competitive pricing on all services and obtaining at least three bids on expenditures exceeding $10,000 (a "major expenditure"). Manager shall use reasonable efforts to comply with the limitations on expenditures set forth in the Budget. Manager shall obtain Owner's prior written consent before incurring on behalf of Owner any single expenditure in excess of five thousand dollars ($5,000) excluding utility bills and expenses included in the Budget, except in an emergency in which case Manager may incur such expenses as are reasonably necessary to protect life and property. Manager shall notify Owner of any such emergency expenses as soon as practicable after they are incurred but in no event later than three (3) days thereafter.

n. Legal Proceedings and Compliance with Applicable Laws.

i. Manager shall promptly notify Owner in writing of the receipt or service of any demand, notice or legal process upon Manager (although Manager is not authorized to accept service of process on behalf of the Owner), or the occurrence of any significant casualty loss, injury or damage on or about the Project of which Manager becomes aware.

ii. Manager shall fully comply and cause its employees to fully comply, with all applicable laws in connection with this Agreement and the performance of its obligations hereunder, including all federal, state and local laws, ordinances and regulations relative to the leasing, use, operation, repair and maintenance of the Project and the operations of Manager, including without limitation, laws prohibiting discrimination in housing, employment laws (including those related to unfair labor practices), laws regarding tenant security deposits and laws regarding the storage, release and disposal of hazardous materials, and toxic substances, including without limitation, asbestos, petroleum and petroleum products.

iii. Manager agrees that it shall not, and shall cause its employees to not, cause any hazardous materials or toxic substances, to be stored, released or disposed of on or in the Project except as may be incidental to the operation of any apartment project (e.g., cleaning supplies, fertilizers, paint, pool supplies and chemicals). Manager shall store, handle and dispose of hazardous materials and toxic substances that it introduces to the Project in complete compliance with all applicable laws and regulations and in conformity with good property management. If (i) there is a violation of applicable laws regarding the storage, release and disposal of such hazardous materials, or toxic substances, or (ii) Manager reasonably believes that the storage, release or disposal of any hazardous material, petroleum product, or toxic substances, could cause liability to the Owner, including any releases caused by Tenants, third parties or employees, on the Project, Manager shall notify Owner immediately.

iv. Subject to the Regulatory Requirements, the Manager agrees that the Project shall be offered to all prospective tenants on a nondiscriminatory basis without regard to race, color, religion, sex, family status, handicap or national origin in accordance with applicable law.

6. REPRESENTATIONS AND DUTIES OF MANAGER

a. The Manager represents and warrants that:

i. It has the corporate authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement;

ii. When executed, this Agreement shall constitute the valid and legally binding obligation of the Manager in accordance with its terms;

iii. The Manager has all necessary licenses, consents and permissions to enter into this Agreement, manage the Project, and otherwise comply with and perform Manager's obligations and duties hereunder. Manager shall comply with any conditions or requirements set out in any such licenses, consents and permissions, and shall at all times operate and manage the Project in accordance with such conditions and requirements; and

iv. During the term of this Agreement, the Manager will be a valid corporation, duly organized under the laws of the State of Colorado, and shall have full corporate power and authority to manage the Project, and otherwise comply with and perform Manager's obligations and duties under this Agreement.

b. The Manager covenants and agrees that:

i. The Project shall be managed in a manner to satisfy all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits;

ii. It shall manage the Project so that the rental of all units in the Project comply with the tenant income limitations and other restrictions under the Project Loan documents; and

iii. It shall comply with the requirements under the Partnership Agreement and the Project Loans for the Reserve For Replacements. Withdrawals from the Reserve For Replacements shall be subject to the approval of the Owner and, to the extent necessary under the Partnership Agreement, and FUNDS.

7. <u>REPRESENTATION OF OWNER</u>

a. The Owner represent and warrants that:

i. The Owner has the limited liability company authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for tin this Agreement; and

ii. When executed, this Agreement shall constitute the valid and legally binding obligation of the Owner in accordance with its terms.

8. INDEMNIFICATION

a. Indemnification of Owner. The Manager shall indemnify, protect defend (with legal counsel approved by Owner) and hold harmless Owner, Owner's partners, including, without limitation, and FUNDS, together with the officers, directors, agents, employees and affiliates of Owner and the partners of Owner, including without limitation, and FUNDS from and against any and all claims, demands, actions, liabilities, losses, costs, expenses, damages, penalties, interest, fines, injuries and obligations, including reasonable attorneys' fees, court costs and litigation expenses ("Claims") incurred by any Owner Indemnity as a result of (i) any act by Manager (or any officer, director, agent or employee of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act by Manager (or any officer, director, agent or employee of Manager) constituting negligence, misconduct, fraud or breach of this Agreement, other than as covered by Owner's then available 'insurance (for negligence or misconduct only), (III) Claims made by current or former employees or applicants for employment arising from hiring, supervising or firing same, (iv) any act or omission by Manager, its employees, officers, directors, agents or contractors in violation of any applicable law or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Project, including, without limitation, any Tax Credit Shortfall (as defined in the Partnership Agreement) or Tax Credit Recapture Event (as defined in the Partnership Agreement).

b. Indemnification of Manager by Owner. Owner shall indemnify, protect, defend and hold harmless Manager from and against any and all Claims incurred by Manager resulting from Manager's performance of it obligation under this Agreement, except that this indemnification shall not apply with respect to any Claims resulting from (i) any act by Manager (or any officer, director, agent or employee of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act by Manager (or any officer, director, agent or employee of Manager) constituting negligence, misconduct, fraud or breach of this Agreement, (iii) Claims made by current, former employees or applicants for employment arising from hiring, supervising or firing same,(iv) any act by Manager, its employees, officers, directors, agents or contractors in violation of any applicable law or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Project, including, without limitation, any Tax Credit Shortfall (as defined in the Partnership Agreement) or Tax Credit Recapture Event (as defined in the Partnership Agreement).

c. Survival. The provisions of the Paragraph 8 shall survive the termination of the Agreement.

9. DEFAULTS

a. Manager's Event of Default. Manager shall be deemed to be in default hereunder upon the happening of any of the following ("Managers Event of Default"):

i. The failure by Manager to keep, observe or perform any covenant, agreement, term or provision of this Agreement and the continuation of such failure, in full or in part, for a period of thirty (30) days after written notice thereof by Owner to Manager, provided that if such default cannot be cured within such thirty (30) day period, then provided Manager is diligently pursuing such cure to completion, such reasonable period as is necessary to cure such default, not to exceed ninety (90) days in addition to such initial thirty (30)day period;

ii. The request by manager of payment of any invoice, whether to itself or a third party, marked-up above cost as prohibited herein;

iii. The making of a general assignment by Manager for benefit of its creditors, the filing by Manager with any bankruptcy court of competent Jurisdiction of a voluntary petition under Title 11 of U.S. Code, as amended from time to time, the filing by Manager of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, Manager being the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended from time to time, or the dissolution or liquidation of Manager; or

iv. The misappropriation or co-mingling of funds held by Manager for the benefit of Owner, including the payment of fees to Affiliates of the Manager or the loaning of funds to Affiliates.

b. Remedies of Owner Upon a Manager's Event of Default, Owner shall be entitled to terminate in writing this Agreement effective as of the date designated by Owner (which may be the date upon which notice is given), and/or to pursue any remedy at law or in equity, including, without limitation, specific performance. Owner's rights and remedies shall be cumulative.

c. Owner's Event of Default Owner shall be deemed to be in default hereunder if Owner shall fail to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of thirty (30) days after written notice thereof by Manager to Owner, or if such default cannot be cured within such thirty (30) day period, then such additional period as shall be reasonable, provided Owner commences to cure such default within such thirty (30) day period and proceeds diligently to prosecute such cure to completion.

10. <u>TERMINATION RIGHTS</u>

a. <u>Expiration of Term</u>. If not sooner terminated, this Agreement shall terminate on the expiration of its term set forth in Section 3 hereof.

b. <u>Termination By Owner Upon Manager's Event of Default</u>. Upon a Manager's Event of Default, Owner may terminate this Agreement as specified in Section 9(b) hereof.

c. <u>Termination By Manager Upon Owner's Event of Default</u>. Upon an Owner's Event of Default, Manager may terminate this Agreement as specified in Section 9(b) hereof.

d. <u>Termination Without Cause</u>. Even in the absence of any other express right to terminate this Agreement, Owner or Manager may terminate this Agreement at any time upon thirty (30) days prior written notice from the Owner or Manager, as applicable.

e. <u>Termination Upon Sale of Project</u>. If the Project is sold, conveyed or transferred during the term hereof, this Agreement shall terminate.

f. <u>Effect of Termination Upon Payment of Fees</u>. Upon the termination of the Agreement for any reason, Manager shall be entitled to its earned, but unpaid fees, for the period prior to the termination, but Manager shall not be entitled to any other compensation, damages, or fees; provided that in the case of termination by Manager pursuant to Section 9(d), Manager shall be entitled to pursue an action for actual, compensatory damages incurred by Manager.

g. <u>Delivery of Project Upon Termination</u>. Immediately after termination of this Agreement for any reason, Manager shall deliver to or as directed by Owner all funds, checks, keys, lease files, books and records and other Confidential Information (as defined in Section 11) in the possession of Manager. Immediately after termination, Manager shall leave the Project and cause its employees to leave the Project without causing any damage thereto. Under no circumstances shall any default by Owner give rise to any lien on the Project or give rise to a right of Manager to stay on the Project after the date of termination. Termination of this Agreement under any of the provision of this Agreement shall not release either party as against the other from liability for failure to perform any of its duties or obligation as expressed herein and required to be performed prior to such termination. Manager agrees to cooperate with Owner in the obligation set fort in this section 10(g).

h. Enforceability of Partnership Agreement
The parties hereby agree that in the event of a conflict between the Third Amended and Restated Agreement of Limited Partnership of the Partnership dated as of January 2007 (the "Partnership Agreement") and the Management Agreement, the provisions of the Partnership Agreement shall control. This Agreement may be terminated by the Partnership in accordance with the provisions of Article XI of the Partnership Agreement or by the mutual consent of the parties."

11. CONFIDENTIALITY

a. Preservation of Confidentiality. In connection with the performance of obligations hereunder, Manager acknowledges that it will have access to "Confidential Information" (as defined below). Manager shall treat such Confidential Information as proprietary to Owner and private, and shall preserve the confidentiality thereof and not disclose, or cause or permit its employees, agents or contractors to disclose, such Confidential Information. Notwithstanding the foregoing, Manager shall have the night to disclose Confidential Information if and only to the extent it is required by court order to disclose any Confidential Information. "Confidential Information" shall mean the books, records, business practices, financial information, policies and procedures, and all other information relating exclusively to Owner and the Project (including any such information relating exclusively to the Project generated by the Manager), which is not available to the public. If Manager or anyone to whom Manager transmits Confidential Information pursuant to this Agreement becomes legally compelled to disclose any of the Confidential Information, Manager shall provide Owner with prompt notice thereof so that Owner may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained by Owner or Owner waives compliance with the provisions of this Agreement, Manager shall furnish or cause to be furnished only that portion of the Confidential Information which Manager is required by applicable law to furnish, and will exercise commercially reasonable efforts to obtain reliable assurances that confidential treatment is accorded the Confidential Information so furnished.

b. Property Right In Confidential Information. All Confidential Information shall remain the property of Owner and manager shall have not ownership interest therein.

12. SURVIVAL OF AGREEMENT

a. All indemnity obligation set forth herein, all obligation to pay earned and accrued fees and expenses, all confidentially obligations, an all obligations to perform the duties accrued prior to the date of termination shall survive the termination of this Agreement.

13. ENFORCEMENT OF AGREEMENT

a. This Agreement, its interpretation, performance and enforcement, and its rights and remedies of the parties hereto, shall be governed and construed by and in accordance wit the law of the State in which the Project is located. In any dispute pertaining to, or litigation or arbitration arising to enforce or interpret the provision of, this Agreement, the prevailing party shall be entitled to recover its attorney's fees and costs.

14. ASSIGNMENT

a. Manager shall not directly or indirectly (except with the consent of Owner, FUNDS and of any lender or governmental entity, if required) sell, assign or otherwise transfer by operation of law or otherwise all or any part of its rights or obligation under this Agreement.

15. NOTICES

a. All notices, demands, requests or other communications ("Notices") to be sent by one party to the other hereunder or required by law, shall be in writing and shall be deemed to have been valid, given or served by delivery or same to the addressee or upon confirmation of receipt if sent by overnight mail or within three business days after depositing same in the United States mail; postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to Owner:
Dove Valley Senior Housing LLLP
375 W. 37th St. Suite 200
Loveland, CO 80538
Attention: Samuel G. Betters, Executive Director
Telephone: (970) 667-3232

With a copy to :
MMA Financial, LLC
Aaron Krasnow
1035 Pearl St
Boulder, CO 80302

If to Manager:
Housing Authority of the City of Loveland
375 W. 37th St. Suite 200
Loveland, CO 80538
Attention: Samuel G. Betters, Executive Director
Telephone: (970) 667-3232

By giving to the other parties hereto at least 15 days written notice in accordance with the provisions hereof, a party may change its address for notice purposes.

16. MISCELLANEOUS

a. Subordination. All claims of Manager shall be inferior and subordinate to the claims of and Funds against Owner under or in connection with the Partnership Agreement.

b. Third Party Beneficiary. and Funds is a third party beneficiary of the terms of this Agreement.

c. Limitation on Liability of the and the Funds. The Manager agrees that no partner or Owner shall have any liability for the obligations of the Owner to Manage under or in connection with this Agreement or otherwise.

d. Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

e. Modifications, Challenges and Waivers. This Agreement cannot be changed or modified except by another agreement in writing, signed by the parties sought to be charged therewith. In addition, this Agreement may not be amended without the further written consent of and Funds. All waivers of any provision hereof shall not be effective unless made in writing by the party making the waiver.

f. Entire Agreement. This Agreement embodies the entire understanding of the parties, and there are not further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof.

g. Times is of Essence. Time is of the essence hereof.

h. Construction of Document. This Agreement has been negotiated to arms length and has been review by counsel for the parties. No provision of this Agreement shall be construed against any party based upon the identity of the drafter.

i. Severability. If any provision of this Agreement or the application thereof is held to be invalid or unenforceable, such defect shall not affect other provisions or applications of this Agreement that can be given effect without the invalid or unenforceable provisions or applications, and to this end, the provisions and applications of this Agreement shall be severable.

j. Waiver of Jury Trial. To the fullest extent permitted by law, each party to this agreement severally, knowingly, irrevocably and unconditionally waive any and all right to trail by jury in any actions, suit or counterclaim brought by an part to this Agreement arising in connection with, out of or otherwise relating to this Agreement.

k. No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

18th day of January, 2007

EXECUTED as of the date first set forth above.

OWNER: Dove Valley Senior Housing LLLP

A Colorado limited liability limited partnership

By: HousingQuest Corp., Managing General Partner

Samuel G. Betters, President

MANAGER:

Housing Authority of the City of Loveland

Samuel G. Betters, Executive Director