

REIMBURSEMENT AGREEMENT

THIS AGREEMENT is made and entered into effective this 2nd day of November 2022 by and between Gardens at North Carefree Metropolitan District ("District") and Covington Homes, LLC ("Owner").

RECITALS

- A. The District was formed to provide certain municipal services to real property located in the City of Colorado Springs, El Paso County, Colorado.
- B. In order to form the Districts, Owner was required to file and obtain approval for a Service Plan (the "Service Plan") from the El Paso County, Colorado.
- C. The Service Plans was approved on July 23, 2019.
- D. The Service Plan provides in part that the costs and expenses of District organization and any shortfalls in operations and maintenance expenses would be paid for by the Owner subject to reimbursement.
- E. The sums set forth in Section D above confer a substantial benefit upon the District and represent costs that are the responsibility of the District.

NOW THEREFORE based upon the mutual considerations and promises contained herein, and other good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

Section 1. Advances. Owner has advanced the sum set forth on Exhibit A. Such advances have been made by paying the costs of district formation, operations and maintenance expenses, and improvements directly.

As of the effective date of this Agreement, the Owner has made advances for the purposes and in the amounts set forth in the attached *Exhibit A*, and such amounts shall constitute "Advances" hereunder.

It is hereby acknowledged that all Advances have been and are being made upon the expectation that the Districts will Owner in accordance with and subject to the provisions of this Agreement. .

Section 2. Reimbursements. It is the District's intent to reimburse Owner the amount of all Advances made hereunder, plus interest thereon at the rate of set forth as paid on the initial bond offering (calculated on the basis of a 360-day year of twelve 30-day months), from the date of each advance.

Such reimbursement is expected to be made from the proceeds of one or more series of the District's general obligation or revenue bonds (the "Bonds"), when and if such Bonds are issued or from any revenues of the Districts. The issuance and timing of any such Bonds shall be in the discretion of the District, and such Bonds, if issued, shall contain such terms as may be determined by the District. The foregoing shall not constitute a lien or encumbrance upon any Bond proceeds now or hereafter held by the District, except to the extent the District appropriate such Bond proceeds for the specific purpose of making reimbursements hereunder.

Section 3. Debt. It is hereby agreed and acknowledged that this Agreement evidences an intent to reimburse the Developer hereunder, and that this Agreement shall constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, and it shall constitute a multiple-fiscal year financial obligation.

Section 4. Prior Agreements; Amendments. This Agreement contains all of the terms between the District and Owner concerning the reimbursement of Advances, and supersedes any other agreements or understandings, written or oral, between the parties concerning such matters. Any amendments to this Agreement must be in writing and must be signed by the parties.

Section 5. Miscellaneous.

a. Arbitration. In the event the Parties are unable to resolve any dispute relating to this Agreement, said dispute shall be settled by binding and mandatory arbitration before a mutually agreed upon arbitrator in El Paso County, Colorado and if the Parties cannot agree upon said arbitrator, the same shall be appointed by a District Court Judge in El Paso County, Colorado. The Parties shall be entitled to obtain documents from the other Party pursuant to reasonable discovery supervised by the arbitrator and subject to the arbitrator's determination as to scope. The costs of arbitration shall be determined by the arbitrator.

b. Attorney Fees and Costs. If any Party hereto institutes any legal action to enforce or interpret this Agreement, or for damages or any alleged breach, the prevailing Party shall be entitled to reasonable attorney fees and costs.

c. Governing Law. This Agreement shall be subject to, governed by, and construed in accordance with the laws of the State of Colorado.

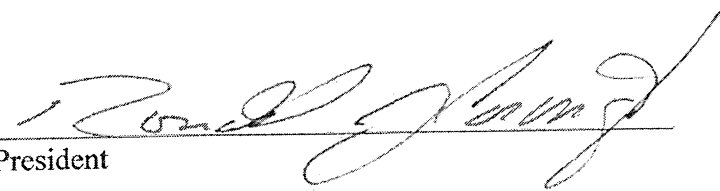
d. Notices. All notices, demands and acceptances required herein shall be in writing and shall be delivered personally, transmitted by facsimile (with mailed copy sent), or sent by registered or certified mail, return receipt requested. Such notice shall be deemed delivered and effective upon confirmed receipt or if mailed, 48 hours after postmark.

e. Severability. In the event any part or provision of this Agreement shall be determined to be invalid or unenforceable under the laws of the State of Colorado, the remaining portions of this Agreement which can be separated from the invalid, unenforceable provisions shall, nevertheless, continue in full force and effect.

f. No Waiver. The waiver, by any Party hereto, of any covenant contained herein, shall not be deemed a continuing waiver of the same or of any other covenant contained herein.

Made and entered into the year and date first above written.

GARDENS AT NORTH CAREFREE METROPOLITAN DISTRICT

BY: 
President

ATTEST:

BY: 
Secretary

COVINGTON HOMES, LLC

BY: 
Manager

EXHIBIT A

to

Reimbursement Agreement

AMOUNT

OWED TO

PURPOSE