FORBEARANCE AGREEMENT

Bella Luz Apartments 2022 LLLP, City of Santa Fe, County of Santa Fe, JLG Properties, LLC and JL Gray Company

1. Parties

This Forbearance Agreement ("Agreement") is entered into by and among:

1. **Bella Luz Apartments 2022 LLLP**, a New Mexico limited liability limited partnership ("Bella Luz" or "Partnership");
2. **JLG Properties, LLC**, a New Mexico limited liability company, in its capacity as **current general partner** of Bella Luz ("JLG");
3. **JL Gray Company**, a New Mexico limited liability company, in its capacity as **developer** under the Development Services Agreement ("JL Gray");
4. **The City of Santa Fe** ("City"); and
5. **The County of Santa Fe** ("County").

TWG Development, LLC, or an affiliated entity ("TWG"), is contemplated as the incoming general partner and developer upon satisfaction of conditions described herein.

Capitalized terms used but not otherwise defined in this Agreement have the meanings given to them in Agreement No. 2022-0201-CDD-KE, Agreement No. 22-0298 ("AHTF Agreement") and Agreement No 23- 0012, a Recovery Funds Subrecipient Project Participation Agreement ("SLFRF Agreement", collectively, (the "City Agreements") or the Land Use Restriction Agreement described in Section 2.A below (the "LURA"), as applicable, including "Property," "Development," and "Owner."

2. Recitals

A. Bella Luz and the -County entered into Agreement No. 2022-0201-CDD-KE, and the associated Land Use Restriction Agreement **("LURA")** for development of the Bella Luz affordable housing project.

B. Bella Luz and the City entered into Agreement # 22-0298 and Agreement #23-0012, which included a Land Use Restriction Agreement with the City ("City LURA"), for development of the Bella Luz affordable housing project.

C. As stated in the County's July 14, 2026, letter to Bella Luz and the City's July 13, 2026, letter, Bella Luz failed to meet the contractual milestone requiring the project to be completed and operational by January 2026. The County wrote:

"Bella Luz was responsible for completing the project and making it operational by January 2026. Bella Luz is in clear violation of that ultimate project milestone…" "Upon being given notice of default, Bella Luz had a reasonable period of time to cure its default… Bella Luz has done nothing to cure its default."

D. Bella Luz desires to cure the default by pursuing redevelopment of the project as a 9% LIHTC project, including identifying a substitute developer and general partner.

E. JLG, as general partner, and JL Gray, as developer under the Development Services Agreement, desire to withdraw from all roles and obligations and be fully released once TWG (or its affiliate) is admitted as substitute general partner and developer.

F. The City and County are willing to forbear from exercising enforcement remedies for a defined period, subject to the terms of this Agreement.

3. Forbearance Period

3.1 Duration

The City and County agree to forbear from exercising enforcement remedies under the Agreement and LURA for two (2) consecutive LIHTC application cycles, specifically:

1. 2027 LIHTC round, and
2. 2028 LIHTC round, if the 2027 application is unsuccessful.

3.2 Termination of Forbearance

The forbearance period terminates upon the earliest of:

- Successful award of 9% LIHTCs;
- Failure to submit a LIHTC application in either permitted round;
- Failure to maintain insurance or holding cost obligations; or
- Failure to admit TWG as substitute GP and developer within the timeframe in Section 4.

3.3 Federal Funding Reporting and Deadlines

JLG and Bella Luz will continue to comply with any required reporting obligations connected with federal funding grants. JLG and Bella Luz will ensure that TWG Development, LLC, or its affiliates will continue to comply with all reporting obligations for federal funds after it is substituted as a general partner and developer.

Notwithstanding Section 3.1, the Forbearance Period will not be construed to extend the Fund Expenditure End Date or the Federal Award End Date of December 31, 2026 set forth in the Agreements. Before proceeding with a 2027 LIHTC application under Section 5.2, the City and County shall obtain written confirmation from the U.S. Department of the Treasury, or their own SLFRF compliance function, that the timeline contemplated by this Agreement is consistent with 2 C.F.R. Part 200 and the SLFRF award terms. If such confirmation cannot be obtained on or before December 31, 2026, the Forbearance Period terminates automatically as of that date, and Section 11 (Orderly Workout Upon Termination of Forbearance) applies.

4. Replacement of General Partner and Developer

4.1 Admission of TWG

Bella Luz shall admit TWG Development, LLC, or its affiliate as: 1) Substitute General Partner, and 2) Substitute Developer under the Development Services Agreement, upon execution of assumption documents acceptable to the City and County. Pursuant to LURA § 7, the City and County may require TWG Development, LLC or its affiliates to provide the names, addresses, and financial statements from the Substitute General Partner and Substitute Developer before consenting to the substitution. The City Manager on behalf of the City and County Manager on behalf of the County are authorized to execute all documents necessary to effectuate the substitution of the General Partner and Developer necessary to implement the provisions of this Section 4.1.

Pursuant to Exhibits B & C of Agreement No. 2022-0201-CDD-KE, Bella Luz will ensure that TWG Development, LLC, (or any affiliate substituted as General Partner and Developer) is not subject to government wide exclusions in SAM.

Before TWG Development, LLC, or its affiliates are admitted as Substitute General Partner and Substitute Developer, Bella Luz will require TWG Development, LLC, (or any affiliate substituted as General Partner and Developer) to execute any documents required for the lawful receipt and use of Coronavirus State Fiscal Recovery Fund monies, such as the Agreement with Subrecipient of Federal Funds, Exhibit C to Amendment No. 1 to Agreement No. 2022-0201-CDD-KE.**4.2 Release of JLG (GP) and JL Gray (Developer)**

Upon satisfaction of Sections 3.3, 4.4, 5 & 6 of this Agreement:

- **JLG Properties, LLC** is fully and irrevocably released from all obligations, liabilities, covenants, indemnities, and duties under: 1) Agreement No. 2022-0201-CDD-KE, 2) the LURA, 3) all grant agreements, and 4) any obligations relating to the physical asset or finances of Bella Luz.
- **JL Gray Company**, as developer, is simultaneously and irrevocably released from: 1) the Development Services Agreement, 2) all development related obligations, 3) any compliance, reporting, or funding obligations, 4) any obligations relating to the physical asset or finances of Bella Luz.

- Neither JLG nor JL Gray shall have any continuing duty to operate, manage, fund, oversee, or report on the project.

4.3 Transfer of Contact Responsibilities

Upon TWG's admission as a substitute General Partner and Developer:

- TWG becomes the sole official contact for all City and County communications, grant agreements, compliance reporting, and project obligations.
- The City and County shall remove JLG and JL Gray from all correspondence lists.

4.4 Updated Certifications and Notice Provisions

Concurrently with TWG's admission as substitute general partner and developer, Bella Luz shall:

a) cause TWG's authorized representative to execute a certification, in form acceptable to the County, restating as to Bella Luz (as reconstituted) the representations and warranties set forth in Section 24 of the Agreement;

b) cause TWG to execute a conflict-of-interest certification consistent with Section 14 of the Agreement;

c) appoint a successor agent for service of process located in New Mexico for purposes of Section 31 of the Agreement, and provide written notice of the appointment to the County;

d) join with the County in a written instrument, executed pursuant to Section 15 of the Agreement, amending the notice address for the Contractor set forth in Section 23 of the Agreement to reflect TWG's contact information; and

e) join with the City in a written instrument, executed pursuant to Section 8 of Agreement 22-0298 and Section 13 of Agreement 23-0012, amending the notice address for the Contractor set forth in Sections 41 and Section 21 of the City Agreements to reflect TWG's contact information;

5. LIHTC Application Requirements

5.1 Required Application

Bella Luz shall submit a complete 9% LIHTC application in the next available round.

5.2 Optional Second Application

Subject to the appropriations contingency set forth in Section 6 of Agreement No. 2022-0201-CDD/KE, and contingent upon Bella Luz's compliance with the terms of this Agreement, Bella Luz may submit a second application **in 2028,** and the City-County shall continue to forbear during that period.

The County Manager shall confirm in writing, before the start of the 2027 LIHTC round, that appropriations remain available consistent with Section 6 of the Agreement. Absent that written confirmation, the County's obligation to continue forbearing under this Section 5.2 does not take effect.

The City Manager shall confirm in writing, before the start of the 2027 LIHTC round, that appropriations remain available consistent with the City Agreements. Absent that written confirmation, the County's obligation to continue forbearing under this Section 5.2 does not take effect.

5.3 Land Donation Coordination

The City and County agree to use reasonable efforts to ensure that any required land donation documentation or commitments are provided in a timely manner so as not to impair the LIHTC application.

6. Holding Costs, Insurance, and Property Maintenance

6.1 Holding Costs

Throughout the term of this Agreement, Bella Luz shall continue to be responsible for:

- Taxes
- Insurance premiums
- Utilities
- Security

- Minimal maintenance
- Any other carrying costs

6.2 Insurance

Bella Luz shall maintain:

- Property insurance
- Liability insurance
- Any insurance required under the Agreement or LURA

7. Limited Partner Replacement

Anchorum may remain as LP during the forbearance period. The parties acknowledge:

- Anchorum intends to be replaced by a housing nonprofit LP.
- TWG may initiate LP replacement at any time, subject to partnership agreement requirements.

8. No Waiver of Defaults

The City and County do not waive any existing defaults. They merely agree to forbear from enforcement during the defined period.

This Agreement does not amend, and will not be construed to amend, the milestone set forth in Section 1.A.iii of the Agreement, as amended by Amendment No. 1. The County agrees only to forbear from immediate enforcement of the existing, uncured default described in Recital B for the duration of the Forbearance Period. Upon termination of the Forbearance Period under Section 3.2, the County's remedies for that default, including recovery of the full $1,500,000.00 grant described in Section 3 of the Agreement, remain available, subject to Section 11 (Orderly Workout Upon Termination of Forbearance).

Similarly, this Agreement does not amend, and shall not be construed to amend, the performance measures set forth in Section 6 of Agreement 23-0012, as amended. The City agrees only to forbear from immediate enforcement of the existing, uncured default described in Recital B for the duration of the Forbearance Period. Upon termination of the Forbearance Period under Section 3.2, the City's remedies for that default, including recovery of the full amounts under the City Agreements, remain available, subject to Section 11 (Orderly Workout Upon Termination of Forbearance).

9. Reservation of Rights

The City and County reserve all rights under the Agreement, LURA, and applicable law, including the right to:

- Seek specific performance,
- Terminate agreements,
- Exercise remedies under the LURA,
- Enforce grant conditions.

10. Miscellaneous

a) Governing Law: New Mexico. The state district courts of New Mexico located in Santa Fe County are the exclusive forum for any dispute arising out of or relating to this Agreement,.

b) No Third Party Beneficiaries: Except TWG upon assumption.

c) Amendments: Must be in writing and signed by the parties.

d) Counterparts: Allowed.

e) Tort Claims Act / Sovereign Immunity: Nothing in this Agreement waives or modifies any sovereign immunity or limitation of liability enjoyed by the City or the County, or their respective public employees, at common law or under the New Mexico Tort Claims Act, NMSA 1978, Section 41-4-1, as amended.

f) Appropriations Contingency: Performance by the City and the County under this Agreement, including any continued forbearance under Section 5.2, is contingent upon sufficient appropriations and authorizations by their respective governing bodies, consistent with Section 6 of the Agreement. Neither the City's nor the County's decision as to the sufficiency of appropriations is subject to challenge by any other party in any forum, including a lawsuit.

g) No Indemnification: Neither the City nor the County indemnifies, and neither assumes any liability on behalf of, Bella Luz, JLG, JL Gray, or TWG under this Agreement, the Agreement, or the LURA.

h) Notices: Until Section 23 of the Agreement is amended as contemplated by Section 4.4(d), notices to Bella Luz shall be given as provided in Section 23 of the Agreement. Notices to the City and County shall be given to the addresses on file with their respective clerks.

i) Successor Agent for Service of Process: Section 31 of the Agreement is amended, effective upon TWG's admission and the appointment required by Section 4.4(c), to substitute TWG's designated agent for Jack L. Curry.

j) Entire Agreement; Relationship to the Agreement and the LURAs: Except as expressly modified by this Agreement, the Agreement and the LURAs remain in full force and effect. In the event of a conflict between this Agreement and the Agreement or the LURA, this Agreement controls only to the extent of the express modification; all other terms of the Agreement and the LURAs remain binding on Bella Luz.

k) Severability: If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

l) Survival: Sections 4.2 (as conditioned by Section 4.4), 6 (Holding Costs, Insurance, and Property Maintenance), 8 (No Waiver of Defaults), 9 (Reservation of Rights), and 11 (Orderly Workout Upon Termination of Forbearance) survive termination of the Forbearance Period and any release granted under Section 4.2.

m) Effective Date and Term: This Agreement is effective as of the date of last execution below (the “Effective Date”) and continues until the earliest of: (a) satisfaction of Sections 4.4, 5, and 6 resulting in release of JLG and JL Gray under Section 4.2; (b) completion of the orderly workout described in Section 11; or (c) mutual written termination by Bella Luz, the City, and the County.

11. Orderly Workout Upon Termination of Forbearance

11.1 Trigger

If the Forbearance Period terminates under Section 3.2 without Bella Luz having received a successful award of 9% LIHTCs and closed the financing necessary to commence construction of the Development, the City and County may pursue an orderly workout of the Development under this Section 11, in addition to and without limitation of any other remedy available under Section 9, the Agreement, the LURA, or applicable law.

11.2 Consent to Receivership

Bella Luz consents to, and agrees not to oppose, the County’s application to a court of competent jurisdiction in Santa Fe County for appointment of a receiver over the Property and the Development under Section 11 of the LURA and applicable New Mexico law, upon termination of the Forbearance Period under Section 3.2.

Bella Luz consents to, and agrees not to oppose, the City’s application to a court of competent jurisdiction in Santa Fe County for appointment of a receiver over the Property and the Development under Section 7 of the City LURA and applicable New Mexico law, upon termination of the Forbearance Period under Section 3.2.

11.3 Powers of Receiver

The receiver shall have authority to take possession and control of the Property and all other assets of Bella Luz relating to the Development (collectively, the “Workout Assets”), to market and sell the Workout Assets in a commercially reasonable manner, and to apply the proceeds of sale as set forth in Section 11.5.

11.4 Cooperation

Bella Luz, JLG, and JL Gray shall each cooperate fully with the receiver and the County, including by providing access to books, records, and the Property, and executing any further documents reasonably necessary to effect an orderly transition and sale of the Workout Assets. The obligations created by this paragraph survive any release of JLG and JL Gray pursuant to Section 4.2.

11.5 Application of Proceeds

Proceeds from any sale of the Workout Assets shall be applied in the following order of priority: (a) costs and fees of the receivership; (b) reimbursement of any Holding Costs advanced by the receiver under Section 11.6; (c) repayment to the County of the $1,500,000.00 grant described in Section 3 of the Agreement, together with any other amounts owed to the County under the Agreement or the LURA; (d) repayment to the City of the $2,800,000 grant described in Section the City Agreements, together with any other amounts owed to the City under the City

Agreements or the City LURA (e) any prior liens or encumbrances of record, in order of priority; and (e) the remaining balance, if any, to Bella Luz.

11.6 Carrying Costs Pending Workout

Bella Luz remains responsible for all Holding Costs described in Section 6.1 until the sale of the Workout Assets is complete and the receivership is closed, notwithstanding termination of the Forbearance Period or commencement of receivership proceedings. If Bella Luz fails to pay any Holding Cost when due, the receiver may pay it from available funds or sale proceeds, and any amount so advanced shall be reimbursed ahead of the distributions described in Section 11.5(c) through (e).

11.7 Survival

This Section 11 survives termination of the Forbearance Period and any release granted under Section 4.2.

IN WITNESS WHEREOF, the Parties hereto have executed this Forbearance Agreement as of the dates set forth below, intending to be legally bound and acknowledging that each has had the opportunity to consult with counsel, review all terms, and voluntarily enter into this Agreement.

Bella Luz Apartments 2022 LLLP

By: **JLG Properties, LLC**, General Partner

By: ___________________________
Name:
Title:

JL Gray Company (Developer)

By: ___________________________
Name:
Title:

City of Santa Fe

By: ___________________________
Name:
Title:

Approved as to form:

By: ___________________________
Name: Marcos Martinez
Title: City Attorney

County of Santa Fe

By: ___________________________

Name: Gregory S. Shaffer
Title: Santa Fe County Manager

Approved as to form:

By: ___________________________
Name: Walker Boyd
Title: Santa Fe County Attorney

Finance Division:

By: ___________________________
Name:
Title: Finance Director