

REIMBURSEMENT AGREEMENT

THIS AGREEMENT is made and entered into effective this 1st of July 2024 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 Plan 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 will be advancing the sums set forth on Exhibit

A. Such advances have been made by paying the costs of district operations and maintenance expenses.

As of the effective date of this Agreement, the Owner will be making advances for the purposes of assisting with the funding of the costs of operations and maintenance and said sums are set for in the attached ***Exhibit A***, and such amounts shall constitute "Advances" hereunder.

It is hereby acknowledge that all Advances will be made upon the expectation that the District will reimburse the 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 net revenues of the District and the reimbursement shall be subordinated to the bond that has been issued.

Section 3. No Debt. It is hereby agreed and acknowledged that this Agreement evidences an intent to reimburse Developer hereunder, but that this Agreement shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple-fiscal year financial obligation, and the making of any reimbursement hereunder shall be at all times subject to annual appropriation by the District in its absolute discretion.

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: Ronald J. Covington
Ronald J. Covington (Nov 6, 2024 14:52 MST)

President

ATTEST:

BY: Heath Herber
Heath Herber (Nov 10, 2024 18:25 MST)

Secretary

COVINGTON HOMES, LLC

BY: Heather Smith

Manager

EXHIBIT A

to

Reimbursement Agreement

AMOUNT

DATE

REIMBURSEMENT AGREEMENT

Final Audit Report

2024-11-11

Created:	2024-11-06
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Agreement completed.

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