

**REDEMPTION AGREEMENT**  
**(New Markets Community Capital X)**

THIS REDEMPTION AGREEMENT (the “*Agreement*”) is made and entered into as of July \_\_, 2019, by and among New Markets Community Capital X, LLC, a Delaware limited liability company (the “*Company*”), New Markets Community Capital, LLC, a Delaware limited liability company (“*Managing Member*”), and Desert Hot Springs Investment Fund, LLC, a Missouri limited liability company (“*Investor Member*”).

**RECITALS**

A. Managing Member and Investor Member entered into that certain Amended and Restated Operating Agreement of the Company, effective as of July 13, 2012 (the “*Operating Agreement*”). Capitalized terms not defined herein shall have the meanings assigned to them the Operating Agreement.

B. Investor Member owns a 99.99% membership interest (the “*Interest*”) in the Company. Managing Member owns a 0.01% membership interest in the Company and is the managing member of the Company.

C. The Company made loans to \_\_\_\_\_ (the “*Borrower*”) in the aggregate principal amount of \$8,217,000 (the “*QLICIs*”) pursuant to that certain Loan Agreement dated July 13, 2012 among the Company and LCD New Markets Fund XII, LLC (“*LCD CDE*”), as Lenders, and the Borrower.

D. The Company desires (i) to redeem Investor Member’s Interest in the Company and (ii) for Investor Member to withdraw from the Company as a member. In connection with redeeming the Interest, the Company shall assign the Company’s rights to the QLICIs, together with the loan documents evidencing, governing and securing the QLICIs, to Investor Member, and the Investor Member shall assign over to the Company all of its right, title and interest in and to the Interest.

E. Investor Member desires to assign and transfer the Interest to the Company and withdraw as a member of the Company upon receipt of the Assignment of Loan Documents (as hereinafter defined).

F. By its execution hereof, the Managing Member hereby evidences (i) its consent to the redemption of the Interest by the Company, (ii) its consent to the withdrawal of Investor Member as a member of the Company, and (iii) its consent to the transactions set forth herein.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Recitals. The recitals stated above are incorporated herein as if restated in their entirety.

2. Redemption of Interest. The Company hereby purchases and redeems Investor Member's Interest in consideration for the assignment by the Company to the Investor Member of all of its right, title and interest in the loan documents described on Exhibit A attached hereto and made a part hereof (the "***Assignment of Loan Documents***"). On the date hereof, the documents described on Exhibit B attached hereto and made a part hereof shall be executed to memorialize the Assignments. Concurrently herewith, the Company shall also make a distribution of cash to the Managing Member in an amount equal to \$\_\_\_\_\_.

3. Transfer of Interest and Withdrawal. Upon effectuation of the Assignments, Investor Member hereby assigns and transfers all of its right, title and interest in and to its Interest to the Company and withdraws as a member of the Company.

4. Waiver, Consent, and Acknowledgement. (a) The Managing Member and Investor Member hereby waive all conditions, restrictions, provisions, procedures and notice requirements of the Operating Agreement relating to the redemption of the Investor Member's Interest in the Company and/or the assignment of the Investor Member's Interest to the Company as set forth in Section 3 hereof and (b) the Managing Member, Investor Member and the City of Desert Hot Springs, a California charter city (the "***Leverage Lender***"), as lender to the Investor Member, hereby consent to the (i) redemption of the Investor Member's Interest, (ii) withdrawal of Investor Member as an investor member of the Company, and (iii) effectuation of the Assignment of Loan Documents.

5. Representations and Warranties of Investor Member.

Investor Member hereby represents and warrants as follows:

(a) Organization. Investor Member is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Missouri.

(b) Authority. Investor Member and any individual executing this Agreement on Investor Member's behalf, have the power to execute, deliver and perform this Agreement and have taken all actions required to authorize the due execution and delivery of this Agreement. To the best of Investor Member's knowledge, the execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the Investor Member's operating agreement, articles of organization, or any provision of any agreement, instrument, order, judgment or decree to which Investor Member is a party or by which it or any of its assets is bound.

(c) Litigation. There are no actions, suits, claims or other proceedings pending or, to the best of Investor Member's knowledge, contemplated or threatened against Investor Member that could adversely affect Investor Member's ability to perform its obligations under this Agreement in a timely manner or which would affect any portion of the Interest.

(d) Title. Investor Member is the lawful owner and holder of the Interest, free and clear of all liens, encumbrances and claims by third parties. Except for the redemption herein and except for the pledge of the Interest to secure a loan from Leverage Lender, Investor Member has not conveyed, transferred, or assigned (or agreed to convey, transfer or assign) its rights or interests in the Interest or any underlying documents, and has not executed any other instrument which might prevent or limit Investor Member from performing under the terms and provisions of this Agreement.

(e) Defaults. No default or breach exists under any covenant, condition, restriction or agreement affecting the Interest that is to be performed or complied with by Investor Member.

(f) Assessments. Investor Member has received no notice that any portion of the Interest is subject to any proposed or pending special assessments.

(g) Compliance. To Investor Member's actual knowledge, the Interest is in compliance with all applicable laws, orders, ordinances, and regulations. Investor Member has received no notice of any violations from any governmental authority.

(h) Contracts. To the best of Investor Member's knowledge, there are no current commitments, contracts, licenses, options or other agreements of any kind affecting or relating to the Interest.

(i) Bankruptcy. Neither Investor Member, nor, to its knowledge, its members (i) is in receivership or dissolution, (ii) has made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has been adjudicated bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against Investor Member or its members, and (iv) to the best of its knowledge, none of the foregoing are pending or threatened.

## 6. Representations and Warranties of the Company.

The Company hereby represents and warrants as follows:

(a) Organization. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authority. The Company and any individual executing this Agreement on the Company's behalf, have the power to execute, deliver and perform this Agreement and have taken all actions required to authorize the due execution and delivery of this Agreement. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the Company's operating agreement, certificate of formation, or any provision of any agreement, instrument, order, judgment or decree to which the Company is a party or by which it or any of its assets is bound.

(c) Ownership of Assets. The cash described on that certain Flow of Funds Memorandum dated as of the date hereof together with the loans evidenced by the loan documents described on Exhibit A and the membership interests of the Company in the Borrower constitute all of the assets of the Company (the “*Assets*”). To the best of Managing Member’s knowledge, the Company is the lawful owner and holder of the Assets, free and clear of all liens, encumbrances and claims by third parties, and, except for the assignment herein, the Company has not conveyed, transferred, or assigned (or agreed to convey, transfer, or assign) its rights or interests in the Assets, and has not executed any other instrument which might prevent or limit the Managing Member or Company from performing under the terms and provisions of this Agreement.

(d) Bankruptcy. Neither the Company nor the Managing Member, (i) is in receivership or dissolution, (ii) has made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has been adjudicated bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against the Company or the Managing Member, and (iv) to the best of its knowledge, none of the foregoing are pending or threatened in writing.

7. Representations and Warranties of the Managing Member. The Managing Member hereby represents and warrants as follows:

(a) Organization. The Managing Member is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authority. The Managing Member and any individual executing this Agreement on the Managing Member’s behalf, have the power to execute, deliver and perform this Agreement and have taken all actions required to authorize the due execution and delivery of this Agreement. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the Managing Member’s operating agreement, certificate of formation, or any provision of any agreement, instrument, order, judgment or decree to which the Managing Member is a party or by which it or any of its assets is bound.

(c) Litigation. There are no actions, suits, claims or other proceedings pending or, to the best of the Managing Member’s knowledge, contemplated or threatened against the Company or the Managing Member that could affect the Managing Member’s ability to perform its obligations under this Agreement in a timely manner or which would have a material adverse effect on the Company.

(d) Liabilities. The Company has no current or reasonably foreseeable liabilities other than the consummation of the Assignments and the distribution to the Managing Member set forth in Section 2 this Agreement.

8. Expenses and Reporting Obligations. Investor Member and the Managing Member hereby acknowledge and agree that (a) all fees and expenses incurred by the Investor Member in

connection with the redemption of the Interest, including, but not limited to, the expenses related to the negotiation of this Agreement (the “***Investor Member Transaction Expenses***”), shall be borne by Borrower, as borrower of the QLCI Loans, or an affiliate of the Borrower and (b) all fees and expenses incurred by the Managing Member and the Company in connection with the redemption of the Interest, including, but not limited to, the expenses related to the drafting and negotiation of this Agreement (the “***Company Transaction Expenses***”), shall also be borne by Borrower or an affiliate of the Borrower. On the date hereof, the Company has paid an amount equal to \$\_\_\_\_\_ to the Managing Member for accrued and unpaid CDE Management Fee and \$\_\_\_\_\_ to the Managing Member for Administrative Expense Reimbursement and audited financial statements. The Managing Member shall be responsible for paying (i) expenses for the preparation of a tax return of the Company for the 2019 tax year and supplying each former and current member of the Company with tax reporting information it requires in order to complete its tax return for the 2019 tax year and (ii) the costs of complying with any and all reporting and disclosure requirements imposed on the Company by the CDFI Fund and any costs in connection with the planned dissolution of the Company (collectively, the “***Tax and Compliance Expenses***”).

9. Termination of Company Obligations. The Managing Member and Investor Member hereby agree that from and after the date on which the Interest is redeemed, Investor Member shall have no further liabilities or obligations to the Company or any member thereof (including the Managing Member) under the Operating Agreement and the Managing Member and the Company shall have no further obligations to Investor Member pursuant to the Operating Agreement except as set forth in Section 8 above.

10. Miscellaneous.

(a) Further Actions. Each party agrees that it shall execute and deliver or cause to be executed and delivered from time to time such instruments, documents, agreements, consents and assurances and take such other action as the Company reasonably may require to more effectively assign and transfer to and vest in (i) the Company, all right, title and interest in and to the Interest redeemed hereunder and (ii) Investor Member, all right, title and interest in and to the portion of the Assets to be assigned to Investor Member hereunder. The obligations of the Managing Member under this Section 10(a) shall terminate on December 31, 2021.

(b) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior agreements among the parties with respect to these matters.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflicts of law principles thereof.

(d) Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF INVESTOR MEMBER, THE MANAGING MEMBER AND THE COMPANY (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS

TRIALE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

(e) Damages. No party to this Agreement shall be liable to the other party hereto for any consequential, special or punitive damages for any claims arising under this Agreement.

(f) Interpretation. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Counterparts. This Agreement may be executed in one or more counterparts and by facsimile or portable document format (.pdf), each of which shall be deemed to be an original, but all of which together shall constitute a single agreement.

*[Signatures appear on the following pages]*

IN WITNESS WHEREOF, Assignee has caused this Agreement to be duly executed as a sealed instrument and delivered as of the date first written above.

**INVESTOR MEMBER:**

**DESERT HOT SPRINGS INVESTMENT  
FUND, LLC,**

a Missouri limited liability company

By: U.S. Bancorp Community Development  
Corporation, a Minnesota corporation, its  
Manager

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

Vedad Alagic  
Assistant Vice President

**LEVERAGE LENDER:**

**DESERT HOT SPRINGS HEALTH AND  
WELLNESS FOUNDATION,**

a California nonprofit public benefit corporation

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

Name: Charles Maynard

Title: City Manager

**COMPANY:**

**NEW MARKETS COMMUNITY CAPITAL X,  
LLC,**

a Delaware limited liability company

By: New Markets Community Capital, LLC,  
a Delaware limited liability company,  
its managing member

By: \_\_\_\_\_  
Jose Villalobos  
Senior Vice President

**MANAGING MEMBER:**

**NEW MARKETS COMMUNITY CAPITAL,  
LLC,**

a Delaware limited liability company

By: \_\_\_\_\_  
Jose Villalobos  
Senior Vice President



## **EXHIBIT A**

### **OLICI LOAN DOCUMENTS**

Promissory Note (A-2) dated July 13, 2012, made by the Borrower in the principal amount of \$3,960,000 payable to the order of the Company.

Promissory Note (B-2) dated July 13, 2012, made by the Borrower in the principal amount of \$1,958,973 payable to the order of the Company.

Promissory Note (C-2) dated July 13, 2012, made by Borrower in the principal amount of \$2,298,027 payable to the order of the Company.

Loan Agreement dated July 13, 2012, made by and among the Borrower, LCD CDE and the Company.

Construction Deed of Trust (with Assignment of Rents and Leases, made as of November 2, 2010, by the Borrower in favor of the Company.

Third Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases, Security Agreement and Fixture Filing), made as of July 13, 2012, by the Borrower for the benefit of the Company and LCD CDE.

All other loan documents executed by Borrower with or for the benefit of the Company on or about November 2, 2010 which evidence, govern and/or secure the Loans.

**EXHIBIT B**  
**ASSIGNMENT DOCUMENTS**

Allonge to Promissory Note (A-2) made by the Company.

Allonge to Promissory Note (B-2) made by the Company.

Allonge to Promissory Note (C-2) made by the Company.

Assignment of Deed of Trust made by the Company.

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