PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7658

APPROVING LOAN FORGIVENESS AND THE TERMS OF A NEW LOAN TO CREATIVEHOMIES HQ LLC, AND CREATIVE HOMIES LLC FOR A PROJECT AT 433 NW 4TH AVENUE

WHEREAS, the Old Town/Chinatown Action Plan, accepted by Portland City Council by the passage of City Ordinance 186744, enacted on August 6, 2014, and reauthorized on September 4, 2019, established a strategic approach to revitalizing Old Town/Chinatown including promoting development of vacant properties, and promoting business vitality by increasing employment and retail activity;

WHEREAS, on March 13, 2024, through Resolution No. 7525, the Prosper Portland Board of Commissioners ("Board"), in furtherance of Prosper Portland's efforts to fill identified gaps in the market and to adhere to the agency's Financial Sustainability Plan, created a program for making loans principally for purposes related to rehabilitating real property (the Commercial Property Loan Program, or "CPLP"), created a program for making loans principally for ordinary small business purposes (the Small Business Loan Program, or "SBLP"), and adopted guidelines for the respective programs;

WHEREAS, on April 26, 2023, through Resolution No. 37617, City Council adopted Advance Portland: A Call to Action for Inclusive Economic Growth ("Advance Portland") as a framework for inclusive growth through interventions that advance competitiveness, racial equity, and climate action and Advance Portland's Objective 2 is to promote equitable wealth creation;

WHEREAS, Creativehomies HQ LLC purchased and owns the Horizon Enterprise Building (located at the corner of NW 4th Avenue and Glisan Street), and has taken significant steps and made significant investments with the goal of rehabilitating and activating, through its affiliated operating entity Creative Homies LLC (such companies whether individually or collectively, "Borrower") the building as a curated creative hub that will provide, among other things: support for Portland's artists and creators; unique neighborhood amenities, including a postmodern music lounge; a ground floor coffee shop and wine bar with an adjacent gallery and retail space; and two upper stories of full production studio space, equipment rental, and creative space (collectively, the "Original Project");

WHEREAS, the financing, construction, build-out, and operation of the Original Project required significant capital, and Borrower approached Prosper Portland seeking to borrow a portion of the funding necessary for the Original Project;

WHEREAS, on January 24, 2024, by Resolution No. 7518, the Prosper Portland Board approved the terms of two proposed loans to support the Original Project, in a maximum combined principal amount of $700,000 (the "Originally Approved Loans"), but neither Originally

Approved Loan was ultimately made, due to the unavailability of full financing for the Original Project;

WHEREAS, Borrower modified and narrowed the scope of the Original Project, with intended activation to consist of leasing the upper two floors as-is, activating the first-floor gallery/wine bar (with no new improvements), and focusing new investment on building and operating the basement bar (the "New Project");

WHEREAS, on March 12, 2025, by Resolution No. 7598, the Board revoked approval for the Original Project and approved instead a CPLP loan and a SBLP loan (together, the "New Loan Terms") to Creative Homies LLC and Creativehomies HQ LLC, as co-borrowers, in order to facilitate the New Project, which targeted urgent Action Plan priorities and strategic goals including: supporting small businesses, restaurants, and activation of ground floor commercial spaces in the Central City; promoting equitable wealth creation by allowing local entrepreneurs to start and grow businesses through partnerships and capital; and increasing access to property ownership;

WHEREAS, on May 14, 2025, through Resolution No. 7604, the Board approved a further modification to the New Loan Terms to allow Prosper Portland to subordinate its debt to the second lien;

WHEREAS, though Borrower encountered delays in construction and completion of the New Project, it was able to open the music lounge and bar and art gallery in 2026 and has seen significant interest in the lounge/bar and the art gallery, which has demonstrated a positive trend in revenue;

WHEREAS, Borrower has requested that Prosper Portland forgive its existing loans to Borrower a $473,026 Commercial Property Loan Program (CPLP) loan, and a $226,974 Small Business Loan Program (SBLP) loan, plus accrued and deferred interest, and make a new loan to Creativehomies HQ LLC, and Creative Homies LLC in the amount of $1.5 million;

WHEREAS, Borrower proposes to use the new loan to payoff the first deed of trust at a negotiated payoff of $1,200,000 and the second deed of trust at a negotiated payoff of $175,000, and for additional working capital in the amount of $125,000;

WHEREAS, the Horizon Enterprise Building is encumbered by a first deed of trust and a second deed of trust securing senior financing in the aggregate outstanding amount of $1,679,353, and by Prosper Portland's deed of trust securing the CPLP and SBLP loans in third position;

WHEREAS, given the value of the Horizon Enterprise Building, an amount from which Prosper Portland's third-position security interest would be unlikely to net any proceeds in a sale;

WHEREAS, the holders of the first and second deeds of trust have agreed to accept discounted payoffs of $1,200,000 and $175,000, respectively, representing a reduction of $304,353 from the amounts owed.

WHEREAS, upon closing of the new loan, Prosper Portland will hold the sole deed of trust on the Horizon Enterprise Building, in first position, at a loan-to-value ratio of approximately

81% of the broker's opinion of as-is value, secured by personal guarantees and new loan covenants protective of Prosper Portland's interests; and

WHEREAS, the Board finds that the consideration received by Prosper Portland, including a first-position security interest, personal guarantees, and covenants not available under the existing loans, supports the forgiveness of the existing loans, and that the new loan advances the public and economic development purposes identified in the Old Town/Chinatown Action Plan and in Advance Portland, and economic development policy goals more broadly.

NOW, THEREFORE, BE IT RESOLVED, that that the Executive Director is authorized to forgive Prosper Portland's existing loans to Borrower simultaneously with the senior payoffs, and to make a new loan to Borrower on terms materially in accordance with the Term Sheet attached as Exhibit A, and to execute all documents and instruments necessary for that purpose;

BE IT FURTHER RESOLVED, that the Executive Director may approve any further changes to the new loan's terms, provided there is no increase to the loan amount; and;

BE IT FURTHER RESOLVED, that with the affirmative vote of no fewer than four commissioners for this resolution and of all of those present, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

TERM SHEET

This Term Sheet does not and will not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort must, to be binding, be incorporated in one or more agreements, including the Loan Documents mentioned below, between Prosper Portland and the Borrower named below. Resolutions approving this Term Sheet will also authorize the execution of all additional documents and instruments necessary to make the loan.

Loan Amount:	$1,500,000
Borrowers:	CREATIVEHOMIES HQ LLC (property), a Delaware limited liability company, and CREATIVE HOMIES LLC, an Oregon limited liability company, dba The Down Beat, jointly and severally
Strategic Plan Alignment:	Old Town/Chinatown Action Plan
Purpose:	Retire the first deed of trust at a negotiated payoff of $1,200,000 and the second deed of trust at a negotiated payoff of $175,000; $125,000 for working capital
Loan Fee:	2% of the loan amount, $30,000. Payable by Borrower in cash at or before closing. At Borrower's election it may instead be netted from loan proceeds at closing.
Interest Rate:	3.00% fixed
Loan Term & Amortization:	60 months, amortized over 360 months, with interest only for the first nine months
Estimated Interest-Only Payments (max):	$3,750 per month for months 1 through 9
Estimated Principal & Interest Payments:	$6,324 per month for months 10 through 60
Estimated First Payment Date:	First month following closing (interest only); first principal and interest payment the tenth month following closing
Estimated Maturity Date:	60 months after closing
Estimated Balloon Payment:	Approximately $1,360,000, due at maturity

Disbursement Deadline:	Disbursement in a single advance at closing. This authorization expires if closing has not occurred by March 31, 2027.
Collateral:	First deed of trust on 433 NW 4th Avenue; assignment of rents and leases; UCC-1 blanket lien on the business assets of both entities; key-person life insurance on both principals, assigned to Prosper Portland
Loan To Value (LTV):	81%
Principal Covenants:	**Debt service coverage:** 1.00x at closing, stepping to 1.15x. Tested quarterly on both entities combined with intercompany rent eliminated, and measured against fully amortizing debt service of $6,324 throughout, including during the interest-only period. **Distributions:** No distributions, member draws, or payments on subordinated, member, or affiliate loans until 1.15x is held for two consecutive quarters. **Owner compensation:** Capped at $24,000 per year combined across both entities until that test is met. **Additional debt and liens:** Prohibited without prior written consent. Merchant cash advances, receivables purchases, and factoring prohibited outright. **Account access:** Deposit account control agreement at closing, plus continuous view-only access for Prosper Portland to every operating, payroll, and reserve account of both entities. **Minimum liquidity:** Minimum unrestricted consolidated cash, amount under negotiation, tested monthly on an average daily balance. **Intercompany rent:** Capped at debt service plus documented taxes, insurance, utilities, and maintenance. **Reporting:** Monthly statements for both entities with a consolidating schedule; monthly operating-nights and revenue-per-night report; annual CPA-compiled statements; annual guarantor statements and returns.
Insurance:	Property insurance at full replacement cost, general liability, business interruption, and liquor liability, each naming Prosper Portland as mortgagee and loss payee. Key-person life insurance on both principals, assigned to Prosper Portland.
Guarantors:	Unlimited personal guarantees of Adewale N. Agboola and Cyrus C. Coleman.