

DRAFT

RESOLUTION NO. R26-76

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF COLUMBUS, NEBRASKA, APPROVING A LOAN ASSUMPTION AGREEMENT WITH VALLEY DRIVE PROPERTIES, LLC REGARDING THE CITY'S ECONOMIC DEVELOPMENT LOAN WITH K HERMAN DEVELOPMENT, LLC FOR WORK FORCE HOUSING DEVELOPMENT PROJECTS, A COPY OF SAID AGREEMENT IS ATTACHED HERETO AND INCORPORATED HEREIN; TO AUTHORIZE THE MAYOR TO EXECUTE THE SAME ON BEHALF OF THE CITY; AND TO REPEAL ALL RESOLUTIONS OR PORTION THEREOF IN CONFLICT HEREWITH.

WHEREAS, K Herman Development LLC and the City entered into a "Loan Agreement" on or about April 7, 2025, (hereinafter referred to as the "Underlying Agreement"); and

WHEREAS, the Underlying Agreement is evidenced via City of Columbus Resolution No. R25-49; and

WHEREAS, the Underlying Agreement was made pursuant to Lender's "840" Local Economic Development Program; and

WHEREAS, due to the passing of K Herman Development, LLC's owner, circumstances have arisen wherein K Herman Development, LLC is no longer able to abide by the terms of said agreement; and

WHEREAS, Valley Drive Properties, LLC is willing and able to assume the Loan Agreement, related documentation, and all of K Herman Development, LLC's accompanying obligations, responsibilities, and duties regarding the same; and

WHEREAS, the City and Valley Drive Properties, LLC are desirous to proceed with a loan assumption under the terms the Loan Assumption Agreement which is attached hereto and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF COLUMBUS, NEBRASKA, that the Loan Assumption Agreement with Valley Drive Properties, LLC regarding the city's economic development loan with K Herman Development, LLC for work force housing development project is hereby approved, a copy of said Loan Assumption Agreement is attached hereto and incorporated herein by this reference; and the Mayor is authorized, directed and empowered to execute the same on behalf of the City of Columbus.

This resolution shall repeal all resolutions or portions thereof in conflict herewith.

INTRODUCED BY COUNCIL MEMBER _____

PASSED AND ADOPTED THIS ____ DAY OF _____, 2026.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY



City Hall
2500 14th St.
Columbus, NE 68601
402-562-4232
columbusne.us

memorandum

DATE: May 12, 2026
TO: Tara Vasicek, City Administrator
FROM: Jean Van Iperen, Planning & Economic Development Coordinator
RE: Loan Assumption Agreement and Deed of Reconveyance – Valley Drive Properties, LLC.

RECOMMENDATION:

Approval of the Loan Assumption Agreement and the necessary supporting documents for Valley Drive Properties, LLC.

DISCUSSION:

The City previously entered into an LB840 Loan Agreement with K Herman Development, LLC for two separate housing development projects. One project involved residential construction within the Vitality Village development, while the second project involved a proposed development located near the hospital area. As part of the original agreement, K Herman Development, LLC executed a Deed of Trust in favor of the City to secure the LB840 loan obligations.

Following the disbursement of funds and commencement of construction activity related to the Vitality Village homes, K Herman passed away. Since that time, ownership and responsibility for the Vitality Village project have been transferred to Valley Drive Properties, LLC. Valley Drive Properties, LLC will be assuming responsibility for repayment of the LB840 loan and compliance with all associated terms and requirements related to the project.

In order to properly document this transition, the City is being asked to approve a Loan Assumption Agreement allowing Valley Drive Properties, LLC to assume the obligations previously held by K Herman Development, LLC. Once the assumption agreement is executed, the City will also need to execute a Deed of Reconveyance releasing the existing Deed of Trust executed by K Herman Development, LLC and replace it with a new Deed of Trust from Valley Drive Properties, LLC securing the property and loan obligations moving forward.

The original LB840 Loan Agreement also included a second separate housing project. Funds associated with that portion of the project were never disbursed, and construction had not commenced prior to October 2, 2025, as required under the agreement. As a result, that portion of the agreement is currently considered to be in default.

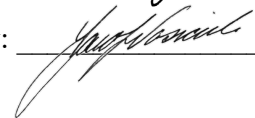
Should Valley Drive Properties, LLC wish to proceed with the hospital-area project and seek disbursement of those remaining LB840 funds, the company will be required to submit a formal application to the City requesting an amendment to the original LB840 Agreement. Any such request would need to include updated project timelines, repayment terms, and any other information deemed necessary by the City. Approval of any amendment request would be at the sole discretion of the City Council.

ALTERNATIVE:

Do not approve.

Signature: 

Concurrence By: Betsy Eckhardt

Approved By: 

LOAN ASSUMPTION AGREEMENT

This Agreement is made and entered into as of the dates indicated below, by and between The City of Columbus, a municipal corporation of the State of Nebraska (hereinafter referred to as the "Lender"), and Valley Drive Properties, LLC, a limited liability company of the State of Nebraska (hereinafter referred to as "Assumer").

WHEREAS, K Herman Development LLC and Lender entered in to a "Loan Agreement" on or about April 7, 2025, (hereinafter referred to as the "Underlying Agreement"); and

WHEREAS, the Underlying Agreement is evidenced via City of Columbus Resolution No. R25-749; and

WHEREAS, the Underlying Agreement was made pursuant to Lender's "840" Local Economic Development Program; and

WHEREAS, due to the passing of K Herman Development LLC's owner, circumstances have arisen wherein K Herman Development LLC is no longer able to abide by the terms of said agreement; and

WHEREAS, Assumer is willing and able to assume the Loan Agreement, related documentation, and all of K Herman Development LLC's accompanying obligations, responsibilities, and duties regarding the same; and

WHEREAS, the Lender and Assumer are desirous to proceed with a loan assumption under the terms as stated herein.

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. **General Assumption.** Assumer agrees and shall hereinafter be obligated and liable for any and all payments, responsibilities, obligations, and duties of K Herman Development LLC as set out in the Underlying Agreement and its associated Deeds of Trust and Promissory Notes. The Underlying Agreement, and its associated Deeds of Trust, Promissory Notes, are herein incorporated by this reference and made a part of this Loan Assumption Agreement.

2. **Unpaid Balance.** Assumer shall timely make all payments to Lender as required under the Underlying Agreement.

3. **No Impairment of Liens.** The real property described in the Underlying Agreement shall remain (or, to the extent necessary, will be) subject to any and all liens, charges, and encumbrances as set out in the Underlying Agreement and its accompanying Deeds of Trust, Promissory Notes. Nothing contained herein or done hereto shall affect or be construed to affect any of the liens, charges, encumbrances, and Deeds of Trust, nor shall the priority of any of the same (or the ability to file and record the same) be negatively be affected.

4. **Additional Liens, Charges, Encumbrances, and Deeds of Trust.** Assumer shall execute and allow to be filed and/or recorded any and all liens, charges, encumbrances, and Deeds of Trust, Promissory Notes, etc., that Lender in its sole discretion determines is necessary to adequately secure Lender's interests and the underlying loan.

5. **Project 1 and Project 2.** The Underlying Agreement set out two "Projects" (i.e., Project 1 and Project 2) pertaining to residential home development. The parties acknowledge that:

- a. Project 1: Construction of Project 1 has already begun and is underway. Lender previously distributed the funds for this project to K Herman Development LLC. Assumer has the necessary access to said funds or to the material and services that said funds may have already been used for. Lender shall not distribute any further funds for this Project 1. Attached as Exhibit A is an updated loan Amortization schedule for Assumer's repayment of the amount borrowed for Project 1 based on when Project 1 funds were dispersed to K Herman Development LLC.
- b. Project 2: Planning, construction, and other preliminary requirements of Project 2 have been delayed and have not yet begun by K Herman Development LLC or by Assumer. Accordingly, K Herman Development LLC or by Assumer are not eligible for Project 2 funds, and Lender has not distributed any of the funds for Project 2 at the time this Loan Assumption Agreement was entered into. The parties understand that K Herman Development LLC is currently out of compliance with its timelines as to Project 2. Accordingly, Lender shall not distribute any funds for this Project 2. Should Assumer desire to continue on with Project 2 and desire use of the City's Local Economic Development Program, it will need to make formal application to Lender for an amendment to the Underlying Agreement for updated timelines and repayment terms. Assumer agrees and acknowledges that approval of said loan amendment is at the sole discretion of the Lender.

6. **LLC Resolution Needed.** A resolution from the Assumer which explicitly authorizes the approval of this Loan Assumption Agreement and the execution of any and all necessary documents (including, but not necessarily limited, to Deeds of Trust, Promissory Notes,

etc.) shall be supplied by Assumer to Lender at the time Assumer executes this Agreement.

7. **Notices.** The Parties expressly agree for the purposes of notice, including legal service of process during the term of this Agreement and for the period of any applicable statutes of limitations thereafter, for the following named individuals shall be the authorized representatives of the parties.

City of Columbus Attn: Tara Vasicek P.O. Box 1677 Columbus, NE 68602	Valley Drive Properties, LLC Attn: Kallan Herman 4407 West Norfolk Ave Norfolk, NE 68701
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Or such other representative at such address as either Party may designate from time to time by written notice to the other Party in accordance with this Paragraph.

All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been given the date of service if served personally on the party to whom notice is given or on the fifth (5th) day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed as shown above.

8. **Consent and Acknowledgment Agreement Required.** K Herman Development LLC shall be required to consent to and acknowledge this Loan Assumption. Attached as Exhibit B, and incorporated by this reference, is K Herman Development LLC's Consent and Acknowledgment Agreement.

9. **Non-Waiver.** No waiver by Lender of any default shall operate as a waiver of any other default or of the same default on a future occasion.

10. **Applicable Law.** Lender and Assumer agree that Nebraska law shall govern this Agreement. The Parties shall submit to personal jurisdiction and subject matter jurisdiction of the State of Nebraska in Platte County for any dispute between the Parties. Assumer shall further comply will any and all Zoning, Permitting, and City Code requirements of the City of Columbus, Nebraska.

11. **Binding Effect.** This Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns, and each other person or legal entity (including guarantors, endorsers, and sureties) of the parties hereto.

12. **Severability.** Invalidation of any one or more of the provisions of this Agreement, by judgment or court order, shall in no way affect any other provision of the Agreement, which other provisions shall remain in full force and effect.

13. **Caption Headings.** Caption Headings in this Agreement are for convenience only and are not to be used to interpret or define the provisions of the Agreement.

14. **Modification of Agreement.** This Agreement may not be modified, altered, changed, or amended except by written instrument executed by all Parties hereto.

15. **Authorization.** Assumer's execution, delivery, and performance of this Agreement have been duly authorized by all necessary action by the Assumer and does not conflict with, result in a violation of, or constitute a default under any provision of any agreement or other instrument binding upon the Assumer, or with any law, regulation, or court order that is applicable to the Assumer in any way. Kallan Herman has been authorized to sign all documents associated with this Agreement on Assumer's behalf.

16. **Counterparts.** Agreement may be executed in any number of counterparts, including by way of electronically scanned or emailed signatures, each of which shall be an original and which together shall constitute a single document.

17. **Full Integration.** This document is a fully integrated agreement and supersedes any and all prior agreements, whether oral or written, between the parties, and this document embodies a full and complete understanding of the parties.

Executed this ____ day of _____, 2026, by Valley Drive Properties, LLC.

BY:

Kallan Herman, as member of and
on behalf of Valley Drive Properties, LLC.

Executed this ____ day of _____, 2026, by The City of Columbus.

BY:

James Bulkley,
Mayor of the City of Columbus

APPROVED AS TO FORM:

City Attorney, City of Columbus

ATTEST:

City Clerk, City of Columbus

EXHIBIT A

Updated Loan Amortization Schedule for Project 1

Loan amortization schedule

Enter values

Loan amount	\$600,000.00
Annual interest rate	2.00%
Loan period in years	5
Number of payments per year	4
Start date of loan	1/1/2026

Optional extra payments

\$0.00

Loan summary

Scheduled payment	\$3,000.00
Scheduled number of payments	20
Actual number of payments	20
Total early payments	\$0.00
Total interest	\$60,000.00
Lender name	City of Columbus
Borrower name	K Herman Development LLC

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
1	4/1/2026	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$3,000.00
2	7/1/2026	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$6,000.00
3	10/1/2026	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$9,000.00
4	1/1/2027	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$12,000.00
5	4/1/2027	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$15,000.00
6	7/1/2027	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$18,000.00
7	10/1/2027	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$21,000.00
8	1/1/2028	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$24,000.00
9	4/1/2028	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$27,000.00
10	7/1/2028	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$30,000.00
11	10/1/2028	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$33,000.00
12	1/1/2029	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$36,000.00
13	4/1/2029	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$39,000.00
14	7/1/2029	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$42,000.00
15	10/1/2029	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$45,000.00
16	1/1/2030	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$48,000.00
17	4/1/2030	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$51,000.00
18	7/1/2030	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$54,000.00
19	10/1/2030	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$57,000.00
20	1/1/2031	\$600,000.00	\$603,000.00	\$0.00	\$603,000.00	\$600,000.00	\$3,000.00	\$0.00	\$60,000.00

EXHIBIT B

Consent and Acknowledgment by K Herman Development LLC

CONSENT AND ACKNOWLEDGMENT AGREEMENT

K Herman Development LLC (hereinafter referred to as the “Obligated Party”) consents and acknowledges as follows:

- Obligated Party and The City of Columbus entered in to a “Loan Agreement” on or about April 7, 2025 (hereinafter referred to as the “Underlying Agreement”).
- Obligated Party has read and reviewed the Loan Assumption Agreement between The City of Columbus and Valley Drive Properties, LLC.
- Obligated Party desires for Valley Drive Properties, LLC, to assume its rights, obligations, and responsibilities as they are set out in the Underlying Agreement.
- Obligated Party shall immediately make available to Valley Drive Properties, LLC, any and all funds distributed by the City of Columbus pursuant to the Underlying Agreement, and/or all materials that said funds purchased.
- Obligated Party acknowledges it is not in compliance with the timeframes listed in the Underlying Agreement for Project 2 and is thus not entitled to Project 2 funds. Obligated Party understands that it and/or Valley Drive Properties, LLC, must apply for and be granted a loan amendment by the City of Columbus in order to receive such funds, and approval of such amendment is at the sole discretion of the City of Columbus.
- Notwithstanding anything in this Consent and Acknowledgement to the contrary, other than as expressly provided herein, The City of Columbus is not waiving and has not waive any rights under any of its loan documents.

Duly executed this _____ day of _____, 2026, by K Herman Development LLC:

By: _____
_____, as Authorized Member of
K Herman Development LLC

STATE OF NEBRASKA)
) ss.
COUNTY OF PLATTE)

Before me, a Notary Public qualified for said county, personally came _____, on behalf of K Herman Development LLC, and as the authorized member of said LLC, known to me to be the identical person who signed the foregoing Consent and Agreement and acknowledged the execution thereof to be her voluntary act and deed.

Dated this _____ day of May, 2026.

Notary Public

PROMISSORY NOTE

\$600,000.00

FOR VALUABLE CONSIDERATION, Valley Drive Properties, LLC (whose mailing address is 4407 West Norfolk Ave., Norfolk, Nebraska, 68701), the undersigned, promises to pay to the order of The City of Columbus (located at 2500 14th St, Columbus, Nebraska, 68602), the total sum of Six Hundred Thousand Dollars (\$600,000.00) with two percent (2%) interest thereon as described herein, for payment of which it binds itself, successors and assigns, and each other person or legal entity (including guarantors, endorsers, and sureties) who agree to pay this Note, with payment to be made as follows:

Six Hundred Thousand Dollars (\$600,000.00) with two percent (2%) interest shall be due and payable in the manner and schedule contained in “Exhibit A” (titled “Loan Amortization Schedule”) which is attached hereto and incorporated herein by this reference.

Valley Drive Properties, LLC, acknowledges that the dates listed on the Loan Amortization Schedule can unilaterally be adjusted by the City of Columbus to account for the actual disbursement date.

In case of default in the payment or in case of a breach in any of the terms, conditions and covenants of that certain Loan Agreement, dated on or about April 7, 2025, and entered into between the City of Columbus and K Herman Development, LLC (herein “Loan Agreement”), and the Loan Assumption Agreement, dated on or about May _____ 2026, and entered into between the City of Columbus and Valley Drive Properties, LLC (herein “Loan Assumption Agreement”), or the terms and conditions of the Deeds of Trust given to secure this Note, then upon occurrence of any of the above said events the entire indebtedness shall become due and payable at the option of the legal holder hereof and payment thereof may be enforced forthwith. Valley Drive Properties, LLC acknowledges that the dates listed on the Loan Amortization Schedule are estimated dates and that said dates can be and may be unilaterally adjusted by Lender to account for the actual initial disbursement date.

The terms, covenants, conditions, provisions, stipulations and agreements of the said Loan Agreement, Loan Assumption Agreement, and said Deeds of Trust are hereby made a part of this Promissory Note to the same extent and with the same effect as if they were fully set forth herein, and the undersigned does hereby covenant and promise to abide by and comply with each and every covenant and condition set forth in this Promissory Note, the accompanying Loan Agreement, Loan Assumption Agreement, and the Deeds of Trust given to secure the same.

Dated this _____ day of _____, 2026.

Kallan Herman, as member of and
on behalf of Valley Drive Properties, LLC.

STATE OF NEBRASKA)
) ss.
COUNTY OF PLATTE)

Before me, a notary public qualified for said county, personally came Kallan Herman, as member of and on behalf of Valley Drive Properties, LLC, known to me to be the identical person who signed the foregoing Promissory Note and acknowledged the execution thereof to be his/her voluntary act and deed.

DATED this _____ day of _____, 2026.

NOTARY PUBLIC

EXHIBIT A

Loan amortization schedule

Enter values

Loan amount	\$600,000.00
Annual interest rate	2.00%
Loan period in years	5
Number of payments per year	4
Start date of loan	1/1/2026

Optional extra payments

\$0.00

Loan summary

Scheduled payment	\$3,000.00
Scheduled number of payments	20
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Lender name	City of Columbus
Borrower name	K Herman Development LLC

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13	4/1/2029	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$39,000.00
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19	10/1/2030	\$600,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00	\$600,000.00	\$57,000.00
20	1/1/2031	\$600,000.00	\$603,000.00	\$0.00	\$603,000.00	\$600,000.00	\$3,000.00	\$0.00	\$60,000.00

Sipple, Hansen, Emerson
Schumacher, Klutman &
Valorz LLC
PO Box 1305
Columbus, NE 68602-1305

Return To:
City of Columbus
2500 14th Street
P.O. Box 1677
Columbus, NE 68601

NEBRASKA DEED OF TRUST

THIS DEED OF TRUST, is effective as of the ____ day of _____ 2026, by and between Valley Drive Properties, LLC, (whose mailing address is 4407 West Norfolk Ave., Norfolk, Nebraska, 68701) (hereinafter referred to as "Trustor"); and, Neal J. Valorz of Sipple, Hansen, Emerson, Schumacher, Klutman, & Valorz LLC Attorneys at Law (hereinafter referred to as "Trustee"), whose mailing address is P.O. Box 1305, Columbus, Nebraska 68602; and, The City of Columbus (hereinafter referred to as "Beneficiary"), a municipal corporation of the State of Nebraska, whose mailing address is P.O. Box 1677, Columbus, Nebraska, 68602.

FOR VALUABLE CONSIDERATION, including the indebtedness identified herein and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH THE POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the real property located in the County of Platte, State of Nebraska, described as follows:

Lots 1, 2, 3 and 4, Block A; Lots 1 and 2, Block B and Lot 2, Block C all in Vitality Village Subdivision of Lots 8-11, Block A, and Lots 1-12, Block B, and Lots 9-13, Block C, and Lots 1 and 2, Block D, Vitality Village Addition to the City of Columbus, Platte County, Nebraska, and any subdivisions or replats thereof

TOGETHER WITH, all rents, profits, royalties, income and other benefits derived from the Property (collectively the "rents"), all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, all right, title and interest of Trustor in and to any greater estate in the Property owned or hereafter acquired, all interest, estate or other claims, both in law and in equity, which

Trustor now has or may hereafter acquire in the Property, all easements, rights-of-way, tenements, hereditaments and appurtenances thereof and thereto, all water rights, all mineral rights, all rights, titles and interests of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street or highway adjoining the Property, and any and all alleys and strips and gores of land adjacent to or used in connection with the Property, any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such buildings and improvements (hereinafter the "Improvements"), and all the estate interests, rights, titles, other claims or demands which Trustor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Trust Estate, including without limitation any awards resulting from a change of grade of streets and awards for severance damages. The entire estate, property and interest hereby conveyed to Trustee may hereafter be referred to as the "Trust Estate".

FOR THE PURPOSE OF SECURING.

A. The Beneficiary has made loan as herein described in this document to Trustor Valley Drive Properties, LLC under the Beneficiary's Local Economic Development Fund.

B. Payment of an indebtedness in the total principal amount of \$600,000.00, with an annual interest rate of two percent (2%) per annum, evidenced by that certain Promissory Note of even date herewith (hereinafter the "Note") with a maturity date as specified in said Note, executed by Trustor, which has been delivered and is payable to the order of Beneficiary, and which by this reference is hereby made a part hereof, and any and all modifications, extensions and renewals thereof, and;

C. Payment of all sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at the rate as specified in said Note. This Deed of Trust, the Promissory Note, Loan Agreement, Loan Assumption Agreement, and any other instrument(s) given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to collectively as the "Loan Instruments".

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Obligation. To pay when due the principal, and the interest, on the indebtedness evidenced by the Note, charges, fees, and all other sums as provided in the Loan Instruments.

2. Maintenance and Compliance with Laws. To keep the Trust Estate in good condition and repair; not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Improvements; to promptly restore in a good and workmanlike manner any Improvement which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefore, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Trust Estate, not to commit, suffer or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance or regulation, and to pay and promptly discharge at Trustor's cost and expense all liens, encumbrances and charges levied, imposed or assessed against the Trust Estate or any part thereof.

3. Required Insurance. To at all times provide, maintain and keep in force, fire and extended coverage insurance against loss or damage to the Improvements. Such insurance policies shall contain a standard mortgage clause in favor of the Beneficiary and shall not be canceled or terminated without thirty (30) days prior written notice to Beneficiary. Evidence of such insurance shall be provided by Trustor upon request in an amount not less than the original amount of the Note. After the occurrence of any casualty to the Trust Estate or any part thereof, Trustor shall give prompt written notice thereof to Beneficiary. In the event of any damage or destruction of the Improvements, Beneficiary shall have the option in its sole discretion of applying all or part of the insurance proceeds (i) to any indebtedness secured hereby and in such order as Beneficiary may determine, or (ii) to the restoration of the Improvements or (iii) to Trustor.

4. Taxes and Impositions.

(a) Trustor agrees to pay directly at least ten (10) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Trust Estate, or become due and which create, may create or appear to create a lien upon the Trust Estate, or any part thereof, (all of which taxes, assessments and other governmental and non-governmental charges of like nature are hereinafter referred to as "Impositions"). Trustor will provide Beneficiary paid receipts of such payments being made upon the occurrence of such payment.

(b) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment of the Trust Estate in lieu of or in addition to the Impositions payable by Trustor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Beneficiary or this Trust Deed and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions or, at the option of Beneficiary, all obligations secured hereby together with all accrued interest thereon, shall immediately become due and payable. Anything to the contrary herein notwithstanding, Trustor shall have no obligation to pay any franchise, estate inheritance, income, excess profits or similar tax levied on Beneficiary or on the obligations secured hereby.

5. Actions Affecting Trust Estate. To appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees, in any such action or proceeding in which Beneficiary or Trustee may appear. Should Trustor fail to make any payment or to do any act as and, in the manner, provided in any of the Loan Instruments, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Trustor shall, immediately upon demand therefor by Beneficiary, pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorney's fees.

6. Eminent Domain. Should the Trust Estate, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Trustor receive any notice or other information regarding such proceeding, Trustor shall give prompt written notice thereof to Beneficiary. Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Trustor (hereinafter the "Proceeds") are hereby assigned to Beneficiary and Trustor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may require. In the event any portion of the Trust Estate is so taken or damaged, Beneficiary shall have the option, in its sole and absolute discretion, to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorney's fees, incurred by it in connection with such Proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all such Proceeds, after such deductions, to the restoration of the Trust Estate upon such conditions as Beneficiary may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Appointment of Successor Trustee. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Trustor and Recorded in the County in which the Trust Estate is located and by otherwise complying with the provisions of the applicable law of the State of Nebraska substitute a successor or successors to the Trustee named herein or acting hereunder.

8. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, personal representatives, successors and assigns. The term "Beneficiary" shall mean the owner and holder of the Note, whether or not

named as Beneficiary herein.

9. Inspections. Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Instruments.

10. Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligations, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

11. Events of Default. Any of the following events shall be deemed an event of default hereunder:

(a) Default shall be made in the payment of any installment of principal or interest or any other sum secured hereby when due; or

(b) Trustor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Trustor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(c) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Trustor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator or Trustor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Trustor and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

(d) A writ of execution or attachment or any similar process shall be entered against Trustor which shall become a lien on the Trust Estate or any portion thereof, or interest therein and such execution, attachment or similar process of judgment is not released, bonded, satisfied, vacated, or stayed within sixty (60) days after its entry or levy; or

(e) There has occurred a breach of or default under any term, covenant, agreement,

condition, provision, representation, or warranty contained in the Deed of Trust, Promissory Note, or other related Loan Agreement and Documents; or

(f) There has occurred a default under any loan, extension of credit, security agreement, purchase or sales agreement, in favor of any other creditor or person that may materially affect any of Trustor's property or Trustor's ability to repay that indebtedness or Trustor's ability to perform Trustor's obligation under this Deed of Trust or any related document; or

(g) A material adverse change in Trustor's financial conditions, or Beneficiary believes the prospect of payment or performance of the indebtedness is impaired; or

(h) Trustor's default(s) with any junior creditor / junior lien holder; or

(i) The Beneficiary in good faith believes itself is insecure as to the loan.

12. Acceleration Upon Default; Additional Remedies. In the event of default Beneficiary may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter Beneficiary may:

(i) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(ii) Enact the power of sale and commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(iii) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Trust Estate to be sold, which notice Trustee shall cause to be duly filed for record in the Official Records of the County in which the Trust Estate is located.

13. Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded,

published and delivered to Trustor such Notice of Default as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse or such time as may then be required by law and after recording of such Notice of Default and after Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in such Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: All sums expended under the terms hereof, not then repaid, with accrued interest as specified in said note; all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale, and without further notice, except such as may be required by statute, make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

14. Appointment of Receiver. If an event of default described in Section 12 of this Deed of Trust shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate of the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor.

15. Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any Loan Instrument or other agreement or any laws now or hereafter in force, notwithstanding some or all of the such indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, its being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion

determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies. Nothing herein shall be construed as prohibiting Beneficiary from seeking a deficiency judgment against the Trustor to the extent such action is permitted by law.

16. Request for Notice. Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

17. Governing Law. This Deed of Trust shall be governed by the laws of the State of Nebraska. In the event that any provision or clause of any of the Loan Instruments conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Instruments which can be given effect without the conflicting provision, and to this end the provisions of the Loan Instruments are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

18. Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto".

19. Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by certified mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

20. Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

21. Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of

Sipple, Hansen, Emerson
Schumacher, Klutman &
Valorz LLC
PO Box 1305
Columbus, NE 68602-1305

Return To:
City of Columbus
2500 14th Street
P.O. Box 1677
Columbus, NE 68601

DEED OF RECONVEYANCE

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, all of the indebtedness secured by the Deed of Trust executed by K Herman Development, LLC, dated January 27, 2006 and recorded April 7, 2025 in the office of the Register of Deeds of Platte County, Nebraska in Book 781 at Page 907 of the Mortgage Records of Platte County shall be released, and the Beneficiaries have requested in writing that this Deed of Reconveyance be executed and delivered to the person entitled thereto;

NOW, THEREFORE, in consideration of such payment and in accordance with the request of the Beneficiary named therein, the undersigned Trustee does by these presents, grant, remise and reconvey to the person or persons entitled thereto all the interest and estate derived to said Trustee by or through said Deed of Trust, in the following-entitled premises:

Lots 1, 2, 3 and 4, Block A; Lots 1 and 2, Block B and Lot 2, Block C all in Vitality Village Subdivision of Lots 8-11, Block A, and Lots 1-12, Block B, and Lots 9-13, Block C, and Lots 1 and 2, Block D, Vitality Village Addition to the City of Columbus, Platte County, Nebraska, and any subdivisions or replats thereof.

DATED this ____ of May, 2026.

Neal J Valorz, Attorney at Law, Trustee

