



DEBT SUBORDINATION AGREEMENT

THIS DEBT SUBORDINATION AGREEMENT (this "Agreement") is entered into as of the ___ day of _____, 2012, by and among **PNC BANK, NATIONAL ASSOCIATION**, a national banking association (the "Bank"), **F&C RAMSEY APARTMENTS, LLC**, an Indiana limited liability company (the "Borrower"), **F&C RAMSEY MEMBER, LLC**, an Indiana limited liability company (the "Mezzanine Borrower"), **THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RAMSEY, MINNESOTA**, a public body politic and corporate under the laws of the State of Minnesota (the "Creditor"), and the **CITY OF RAMSEY, MINNESOTA**, a home rule charter city organized and existing under the constitution and laws of the State of Minnesota (the "City").

RECITALS

A. Bank has established or is establishing certain credit facilities with Borrower as evidenced by certain documents, instruments and agreements entered into between Bank and Borrower from time to time (collectively, the "Loan Documents"), including without limitation a certain construction loan in the maximum principal amount of Twenty Million Four Hundred Seventy-Five Thousand and 00/100 Dollars (\$20,475,000.00) (collectively, the "Loans") pursuant to a certain Loan Agreement by and between Borrower and Bank dated _____, 2012 (the "Loan Agreement").

B. The Loans are secured in part by a first priority mortgage lien on approximately four (4) acres of real property located on U.S. Highway 10 in Ramsey, Anoka County, Minnesota, as more particularly described in Exhibit A attached hereto and made a part hereof, together with the improvements now or hereafter erected thereon (the "Real Estate"), which has been transferred by Creditor to Borrower concurrently herewith pursuant to the terms of a Purchase Agreement dated of even date with the Loan Agreement executed by and among Creditor, the City and F & C Ramsey, LLC ("Ramsey"), under which all rights and obligations of Ramsey have been assigned to Borrower (the "Purchase Agreement").

C. The Loans are further secured in part by certain guaranties (the "Bank Guaranties") executed by David M. Flaherty and Flaherty & Collins Construction, Inc. (together, the "Guarantors").

D. The proceeds of the Loans shall be used solely for the construction of a two hundred thirty (230) -unit luxury midrise apartment building with three thousand (3,000) square feet of retail space on the Real Estate (the “Project”).

E. Creditor, the City, Ramsey and Mezzanine Borrower are parties to that certain Development Agreement dated of even date with the Loan Agreement (the “Development Agreement”), under which all rights and obligations of Ramsey have been assigned to Borrower, except the right to require the City to deliver the TIF Note (as defined in the Development Agreement) to Ramsey.

F. Mezzanine Borrower holds a ninety percent (90%) membership interest in Borrower.

G. Creditor has extended or is extending to Mezzanine Borrower certain loans, advances and extensions of credit (the “Mezzanine Loans”), as evidenced by a certain note or notes dated on or about the date hereof (collectively, the “Creditor Documents”), the proceeds of which will be contributed into Borrower by Mezzanine Borrower.

H. The Mezzanine Loans are secured in part by a pledge, collectively, by Mezzanine Borrower and Ramsey to Creditor of one hundred percent (100%) of the membership interests in Borrower (the “Membership Pledge”).

I. The Mezzanine Loans are also further secured in part by certain guaranties (the “Creditor Guaranties”) executed by the Guarantors.

J. Bank and Creditor hereby desire to set forth the respective rights and obligations each has as against the other with respect to Borrower and Mezzanine Borrower

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

“Collateral” means any collateral now or in the future securing the Obligations, including, but not limited to, the first priority mortgage lien on the Real Estate and claims against either Guarantor of the Obligations and any collateral securing such Bank Guaranties.

“Guaranties” means, collectively, the Bank Guaranties and the Creditor Guaranties.

“Obligations” means all loans, advances, debts, liabilities, obligations, covenants and duties owing by Borrower to Bank or to any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., in connection with the Loans as described in the Loan Agreement, of any kind or nature, present or future (including any interest accruing thereon after maturity or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to Borrower, whether or not a claim for

post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, whether or not: (i) evidenced by any note, guaranty or other instrument, (ii) arising under any agreement, instrument or document, (iii) for the payment of money, (iv) arising by reason of an extension of credit, opening of a letter of credit, loan, equipment lease or guarantee, (v) under any interest or currency swap, future, option or other interest rate protection or similar agreement, (vi) under or by reason of any foreign currency transaction, forward, option or other similar transaction providing for the purchase of one currency in exchange for the sale of another currency, or in any other manner, or (vii) arising out of overdrafts on deposit or other accounts or electronic funds transfers (whether by wire transfer or through automated clearing houses or otherwise) or out of the return unpaid of, or other failure of Bank to receive final payment for, any check, item, instrument, payment order or other deposit or credit to, deposit or other account, or out of Bank's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements; and any amendments, extensions or renewals and all costs and expenses of Bank incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses.

“Subordinated Debt” means any loans, advances, debts, liabilities, obligations, covenants and duties owing by Mezzanine Borrower to Creditor in connection with the Mezzanine Loans as described in the Creditor Documents, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under any agreement, instrument or document, whether or not for the payment of money, whether arising by reason of an extension of credit, loan or guarantee or in any other manner, whether direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising (including any such obligations purchased or otherwise acquired by Creditor), whether consisting of principal, interest, expense payments, management and consulting fees, liquidation costs, attorneys' fees and costs or otherwise.

2. Subordination.

(a) Subject to Section 3 hereof, Creditor hereby irrevocably subordinates and postpones the payment and the time of payment of all the Subordinated Debt and all claims and demands arising therefrom to the Obligations and directs that the Obligations be paid in full before the Subordinated Debt.

(b) Creditor shall: (i) make notations on the books of Creditor beside all accounts or on such other statements evidencing or recording any Subordinated Debt to the effect that such Subordinated Debt is subject to the provisions of this Agreement, (ii) furnish Bank, upon Bank's request from time to time, a statement of the account between Creditor and Mezzanine Borrower representing the Subordinated Debt and copies of each of Creditor Documents, and (iii) give Bank, upon its request, full and free access to Creditor's books pertaining only to such accounts with the right to make copies thereof. Each and every Creditor Document shall bear a legend as set forth in Section 16(b) hereof.

3. Payments to Creditor. Notwithstanding the provisions of Section 2(a) hereof or any other provision of this Agreement, so long as (i) Borrower is in compliance with all financial covenants and reporting requirements contained in the Loan Documents; (ii) no other Event of Default (as defined in the Loan Agreement) has occurred or exists beyond any applicable notice and grace period; and (iii) a payment hereunder shall not give rise to or result in a breach of any affirmative or negative covenant contained in the Loan Agreement or any other Event of Default, Borrower may make annual distributions to Mezzanine Borrower in amounts equal to, and Mezzanine Borrower may pay to Creditor, the Net Cash Flow (as defined in the Development Agreement) for the immediately preceding calendar year, for regularly scheduled payments of principal and/or interest, when due, on the Subordinated Debt (which shall not include any payments due or past due as a result of any acceleration of the Subordinated Debt) and, to the extent Net Cash Flow exceeds the scheduled payment amounts, prepayments of principal on the Subordinated Debt. Additional prepayments of principal on the Subordinated Debt, default interest thereon and/or costs and expenses shall be permitted or made only in accordance with the terms of Section 9.29 of the Loan Agreement. After the occurrence and during the continuance of an Event of Default under the Loan Documents and following receipt by Creditor of written notice thereof from Bank to Creditor, Mezzanine Borrower shall not make, and Creditor shall not receive, any direct or indirect payments of principal, interest, fees or expenses under the Subordinated Debt.

4. Security for Subordinated Debt. The Subordinated Debt is secured by the Membership Pledge and the guarantee of Guarantors pursuant to the Creditor Guaranties. Mezzanine Borrower and Borrower shall not grant and Creditor shall not take any further lien on or security interest in any Collateral, other than the guarantee of Guarantors, or any other of Mezzanine Borrower's or Borrower's property, now owned or hereafter acquired or created, without the prior written consent of Bank.

5. Standby Limitation. Notwithstanding any breach or default by Mezzanine Borrower under the Creditor Documents, following Bank's first advance of funds to Borrower under the Loan Documents, which shall not be made until Bank has received certification from Borrower and/or Creditor of (i) the cash equity injection from the members of Borrower in the amount of One Million Dollars (\$1,000,000), and (ii) the cash equity injection from Mezzanine Borrower's contribution of the full amount of the Mezzanine Loans (the "First Advance"), Creditor shall not at any time or in any manner: (a) foreclose upon, take possession of, or attempt to realize on any Collateral or proceed in any way to enforce any claims it has or may have against Mezzanine Borrower under the Subordinated Debt and Creditor Documents, or (b) contest, protest or object to any action taken by Bank under the Loan Documents or otherwise, unless and until the Obligations have been fully and indefeasibly paid and satisfied in full. Nothing herein shall prevent Creditor from taking action at any time with respect to the Membership Pledge or the Creditor Guaranties (pursuant to Section 6 hereof) upon the occurrence and continuance of a default or event of default under the Creditor Documents.

6. Guaranties. As a condition to the extension of credit facilities to Borrower and Mezzanine Borrower, Bank and Creditor have each required that Guarantors execute the Guaranties. Notwithstanding anything herein or in the Guaranties to the contrary, Bank and Creditor hereby agree as follows with respect to enforcement of the Guaranties:

(a) Prior to the First Advance, Creditor may enforce its rights with respect to the Creditor Guaranties with prior written notice to Bank. All proceeds collected in connection with any such action taken by Creditor against a Guarantor shall be retained by Creditor and used to reduce the outstanding principal balance of the Subordinated Debt.

(b) Upon the First Advance, Creditor shall not seek to enforce the Creditor Guaranties until the earlier of the following to occur:

- (i) Bank voluntarily satisfies or releases the Mortgage (as defined in the Loan Agreement);
- (ii) Bank releases Guarantors or agrees not to enforce the Bank Guaranties;
- (iii) Bank forecloses the Mortgage and the purchaser at the foreclosure sale (whether it be Bank or a third party) bids an amount equal to or greater than either (x) the amount that Bank would be entitled to credit bid at the foreclosure sale (in a foreclosure by action), or (y) the amount of Bank's judgment (in a foreclosure by action);
- (iv) Bank accepts a deed in lieu of foreclosure from Borrower without releasing or agreeing not to enforce the Bank Guaranties;
- (v) Bank forecloses the Mortgage and the amount bid at the foreclosure sale (whether it be by Bank or a third party) is less than either (x) the amount that Bank would be entitled to credit bid at the foreclosure sale (in a foreclosure by action), or (y) the amount of Bank's judgment (in a foreclosure by action); or
- (vi) Bank extends the final maturity date of the Loans to a date that is later than March 1, 2018.

Upon the occurrence of (i), (ii) or (iii) above, Creditor shall thereafter have an unfettered right to enforce the Creditor Guaranties with prior written notice to Bank. Upon the occurrence of (iv), (v) or (vi) above, either Bank or Creditor may thereafter enforce its rights with respect to the Guaranties only after providing thirty (30) days prior written notice to the other party, and any resulting action taken against a Guarantor shall be a joint collection action by Bank and Creditor. All proceeds from such joint action shall be allocated to Bank and Creditor on a pro rata basis based on the then-outstanding balances of the Loans and the Mezzanine Loans, respectively. In the event that either Bank or Creditor chooses to not join the collection action within thirty (30) days after receipt of such written notice, the other party may thereafter pursue such Guarantor individually and retain all proceeds collected in connection with such action.

7. Subordination and Standstill of Right of Reverter. Notwithstanding anything to the contrary contained in the Limited Warranty Deed for the Real Estate executed and delivered by Creditor to Borrower of even date herewith (the “Deed”), Creditor acknowledges and agrees that the right of reverter in its favor described in the Purchase Agreement and reserved in the Deed (the “Right of Reverter”) is hereby made junior, subject and subordinate to the rights of Bank under the Loan Documents. Following the First Advance and until Bank is paid in full with no obligation to make further advances under the Loans, Creditor agrees as follows:

(a) following an Event of Default, Creditor will not oppose Bank’s efforts to have a receiver appointed either before or after Creditor commences an action to enforce the Right of Reverter;

(b) Creditor’s enforcement of the Right of Reverter shall be a non-curable default under the Mortgage, such that if Creditor enforces the Right of Reverter, Creditor may not reinstate the Mortgage prior to a foreclosure sale by curing any other Event of Default; and

(c) in the event that Creditor exercises the Right of Reverter and becomes the owner of the Real Estate, Creditor may not seek to have the receiver discharged unless (i) Bank fails to commence foreclosure proceedings within six (6) months following the appointment of the receiver, (ii) Bank commences a foreclosure but fails to schedule and hold a sheriff’s sale within a reasonable time, if foreclosing by advertisement, or fails to prosecute a foreclosure by action and schedule and hold a sheriff’s sale within a reasonable time after obtaining a final judgment in the action, or (iii) Creditor redeems the property from foreclosure following a sheriff’s sale.

8. Notice of Default. Bank hereby agrees to notify Creditor of any Event of Default not waived and existing beyond any grace or cure period, and to give Creditor a reasonable period of time to cure any such defaults before Bank’s declaration of acceleration or commencement of any action to enforce its security interests under the Loan Documents. Creditor hereby agrees to notify Bank of any default under the Creditor Documents not waived and existing beyond any grace or cure period, and to give Bank a reasonable period of time to cure any such defaults before Creditor’s commencement of any action to enforce its security interests under the Membership Pledge or the Creditor Guaranties. Notwithstanding the foregoing, no failure by either party to provide such notice shall result in liability on the part of such party to the other or affect the other rights and obligations of the parties hereunder.

9. Bankruptcy/Probate of Borrower. In the event a petition or action for relief shall be filed by or against Borrower under any federal bankruptcy statute in effect from time to time, or under any other law relating to bankruptcy, insolvency, reorganization, receivership, general assignment for the benefit of creditors, moratorium, creditor composition, arrangement or other relief for debtors, Bank’s claim (secured or unsecured) against the assets or estate of Borrower for repayment of the Obligations shall be indefeasibly paid in full before any payment is made by Mezzanine Borrower to Creditor on the Subordinated Debt, whether such payment is in cash, securities or any other form of property or rights. Bank may, in its discretion, file a proof of claim for or collect Creditor’s claim first for the benefit of Bank to the extent of the unpaid

Obligations and then for the benefit of Creditor (but without creating any duty or liability to Creditor other than to remit to Creditor distributions, if any, actually received in such proceedings after the Obligations have been paid and satisfied in full) directly from the receiver, trustee, custodian, liquidator or representative of Borrower's estate in such proceeding. Borrower and Creditor shall furnish all assignments, powers or other documents requested by Bank to facilitate such direct collection by Bank.

10. Receipt of Payments by Creditor. Should Creditor directly or indirectly receive (i) any payment or distribution not permitted pursuant to Section 3 hereof, or (ii) any Collateral or proceeds thereof not permitted pursuant to Section 5 hereof, prior to the full and indefeasible payment and satisfaction of the Obligations and the termination of all financing arrangements between Bank and Borrower, Creditor will deliver the same to Bank in the form received (except for the endorsement or assignment of Creditor where necessary), for application to the Obligations in such order and manner as Bank may elect. Until so delivered, Creditor shall hold the same, in trust, for Bank as property of Bank, and shall not commingle such property of Bank with any other property held by Creditor. In the event Creditor fails to make any such endorsement or assignment, Bank, or any of its officers or employees on behalf of Bank, is hereby irrevocably authorized in its own name or in the name of Creditor to make such endorsement or assignment and is hereby irrevocably appointed as Creditor's attorney-in-fact for those purposes.

11. Bank's Rights.

(a) Creditor hereby consents that at any time and from time to time, without further consent of or notice to Creditor and without in any manner affecting, impairing, lessening or releasing any of the provisions of this Agreement, Bank may, in its sole discretion: (i) renew, compromise, extend, expand, postpone, waive, accelerate, terminate, change the payment terms of, or otherwise modify the Obligations or amend, renew, replace or terminate the Loan Documents or any and all other agreements now or hereafter related to the Obligations; (ii) extend credit to Borrower in whatever amount on a secured or unsecured basis or take other support for the Obligations and exchange, enforce, waive, sell, transfer, collect, adjust or release any such security or other support or any part thereof; (iii) apply any and all payments or proceeds of such security or other support and in any order or manner as Bank, in its discretion, may determine; and (iv) release or substitute any party liable on the Obligations, any guarantor of the Obligations, or any other party providing support for the Obligations. Notwithstanding anything in this Agreement to the contrary, during the term of this Agreement: (x) Bank shall not modify the Loan Documents to increase the aggregate maximum principal amount of the Loans; and (y) Creditor shall not modify the Creditor Documents to increase the aggregate maximum principal amount of the Mezzanine Loans.

(b) This Agreement will not be affected, impaired or released by any delay or failure of Bank to exercise any of its rights and remedies against Borrower or any Guarantor or under any of the Obligations or against any Collateral, by any failure of Bank to take steps to perfect or maintain its lien on, or to preserve any rights to, any Collateral by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof or any security or Guaranty therefor, or by any other event or circumstance which otherwise might constitute a

defense available to, or a discharge of, Borrower or a subordinated creditor. Creditor hereby waives demand, presentment for performance, protest, notice of dishonor and of protest with respect to the Subordinated Debt and the Collateral and notice of acceptance of this Agreement.

(c) Nothing in this Agreement will obligate Bank to grant credit to, or continue financing arrangements with, Borrower.

12. Continuing Agreement. This is a continuing agreement and will remain in full force and effect until all of the Obligations and all of Creditor's obligations and undertakings to Bank have been fully performed and indefeasibly satisfied and until all the Loan Documents have been terminated. This Agreement will continue to be effective or will be automatically reinstated, as the case may be, if at any time payment of all or any part of the Obligations is rescinded or must otherwise be returned by Bank upon insolvency, bankruptcy, or reorganization of Borrower or otherwise, all as though such payment had not been made.

13. No Challenge to Liens. Creditor agrees that it will not make any assertion, claim or argument in any action, suit or proceeding of any nature whatsoever in any way challenging the priority, validity or effectiveness of the liens and security interests granted to Bank.

14. Disposition or Release of Collateral.

(a) If at any time or from time to time the Collateral, or any portion thereof, is in any manner sold or otherwise transferred, Creditor shall not be entitled to receive any proceeds (cash or non-cash) of such disposition unless and until the Obligations have been indefeasibly paid in full.

(b) If, at any time and for any reason, Bank releases its lien on the Collateral, or any portion thereof, Creditor shall likewise release its lien on the property so released from Bank's lien, if Creditor has obtained such a lien.

15. Order of Proceedings. Nothing in this Agreement is intended to compel Bank or Creditor at any time to declare Borrower and/or Mezzanine Borrower in default or compel Bank to proceed against or refrain from proceeding against any Collateral in any order or manner. All rights and remedies of Bank with respect to the Collateral, Borrower, and any other obligors concerning the Obligations are cumulative and not alternative.

16. Assignments.

(a) Creditor agrees that as a prior condition of any assignment of any of its interests under any of Creditor Documents, Creditor shall require the assignee to acknowledge this Agreement and agree, in writing, to be bound by the terms and conditions hereof.

(b) Each and every Creditor Document shall bear the following legend, or a similar legend acceptable to Bank, in boldface type:

This Note is subject to the terms of a Debt Subordination Agreement in favor of PNC Bank, National Association. Notwithstanding any contrary statement contained in the within instrument, no payment on account of any obligation arising from or in connection with the within instrument or any related agreement (whether of principal, interest or otherwise) shall be made, paid, received or accepted except in accordance with the terms of said Debt Subordination Agreement.

17. Financing of Fiduciary. In the event a bankruptcy, reorganization, other insolvency or court proceeding for Borrower commences, Bank shall have the option (in its sole and absolute discretion) to continue to provide financing (on terms acceptable to Bank) of the trustee, other fiduciary, or of Borrower as a debtor-in-possession, if Bank deems such financing to be in its best interests. The subordination and lien priority provisions of this Agreement shall continue to apply to all advances made during the pendency of such court proceedings, so that Bank shall have a prior lien on all Collateral as set forth in this Agreement, created before or during such court proceeding, to secure all Obligations, whether created before or during such court proceeding. Creditor hereby waives any right it may have to object to financing by Bank during the pendency of such court proceeding and Creditor's consent to such financing shall not be required regardless of whether the court supervising such proceeding approves, grants or allows adequate protection to Creditor.

18. Investigation of Parties. Creditor has entered into the Creditor Documents with Mezzanine Borrower, Bank has entered into the Loan Documents with Borrower and Creditor and Bank have entered into this Agreement, each upon its own independent investigation, and each makes no warranty or representation as to each other with respect to the financial condition of Borrower or Mezzanine Borrower, or either entity's ability to repay its loans to Creditor or Bank in the future. Nothing in this Agreement shall be deemed to constitute this Agreement as a security or create a joint venture or partnership between Creditor and Bank for any purpose.

19. Improper Action by Creditor. If any of Creditor, Mezzanine Borrower or Borrower, contrary to this Agreement, make, attempt to or threaten to allow Creditor to exercise its remedies against Mezzanine Borrower under Creditor Documents, or make any payment or take any action contrary to this Agreement, Bank may restrain or enjoin Creditor, Mezzanine Borrower and Borrower from so doing, it being expressly understood and agreed by Creditor, Mezzanine Borrower and Borrower that: (i) Bank's damages from their actions may at that time be difficult to ascertain and may be irreparable, and (ii) Creditor, Mezzanine Borrower and Borrower waive any defense or claim that Bank or Borrower cannot demonstrate damages or can be made whole by the awarding of damages.

20. Indemnification of Bank. Creditor agrees to indemnify and to hold Bank, its officers, directors, agents and employees harmless for any and all losses, damages, liabilities, expenses and obligations, including attorneys' fees and expenses, as they arise, relating to actions of Creditor taken contrary to this Agreement.

21. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("Notices") must be in writing and will be effective upon receipt. Notices may be given in any manner to which the parties may separately

agree, including electronic mail. Without limiting the foregoing, first-class mail, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. Regardless of the manner in which provided, Notices may be sent to a party's address set forth below or to such other address as any party may give to the other in writing for such purpose in accordance with this Section:

If to Bank: PNC Bank, National Association
101 West Washington Street
Mail Locator II-Y013-01-3
Indianapolis, IN 46255
Attn: Sarah E. Beeson, Vice President

If to Creditor: The Housing and Redevelopment Authority
in and for the City of Ramsey, MN
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: Executive Director

If to the City: City of Ramsey, Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: City Administrator

If to Borrower: F&C Ramsey Apartments, LLC
8900 Keystone Crossing, #1200
Indianapolis, IN 46240
Attn: David M. Flaherty

If to Mezzanine Borrower: F&C Ramsey Member, LLC
8900 Keystone Crossing, #1200
Indianapolis, IN 46240
Attn: David M. Flaherty

22. Preservation of Rights. No delay or omission on Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Bank's action or inaction impair any such right or power. Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Bank may have under other agreements, at law or in equity. Nothing in this Agreement is intended to modify, alter, reduce or impair any rights which Bank or Creditor may have against Borrower and/or Mezzanine Borrower under the Loan Documents or Creditor Documents, respectively, or under any other agreement between them, or either of them, and Borrower and/or Mezzanine Borrower.

23. Illegality. If any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect the validity, legality and enforceability of the remaining provisions of this Agreement.

24. Changes in Writing. No modification, amendment or waiver of, or consent to any departure by Borrower, Mezzanine Borrower or Creditor from, any provision of this Agreement, will be effective unless made in a writing and signed by Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in the same, similar or other circumstance.

25. Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

26. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

27. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of Borrower, Mezzanine Borrower, Creditor and Bank and their respective heirs, executors, administrators, successors and assigns; *provided, however*, that neither Borrower, Mezzanine Borrower nor Creditor may assign this Agreement in whole or in part without Bank's prior written consent and Bank at any time may assign this Agreement in whole or in part. No claims or rights are intended to be created hereunder for the benefit of Borrower, Mezzanine Borrower or any alleged third party beneficiary hereof.

28. Interpretation. In this Agreement, unless the parties otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. If this Agreement is executed by more than one party as Borrower, Mezzanine Borrower or Creditor, the obligations of such persons or entities hereunder will be joint and several.

29. Governing Law and Jurisdiction. This Agreement has been delivered to and accepted by Bank and will be deemed to be made in the State where Bank's office indicated above is located. THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. Each of Borrower, Mezzanine Borrower and Creditor hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where Bank's office indicated above is located; *provided* that nothing contained in this Agreement will prevent Bank from bringing any action, enforcing any award or judgment or exercising any rights against Borrower, Mezzanine Borrower or Creditor individually, against any security or against any property of Borrower within any other county, state or other foreign or domestic jurisdiction. The parties hereto agree that the venue provided above is the most convenient forum for each of the parties. Each of Borrower, Mezzanine Borrower and Creditor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

30. WAIVER OF JURY TRIAL. **EACH OF BORROWER, MEZZANINE BORROWER, CREDITOR AND BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS.** BORROWER, MEZZANINE BORROWER, CREDITOR AND BANK ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

31. Subordination of Development Agreement. Creditor and the City hereby agree that, upon an Event of Default, Bank may elect, in an instrument to be recorded in the Anoka County, Minnesota land record and delivered to the City and Creditor prior to commencement of proceedings to foreclose the Mortgage, to either:

- (i) treat the Development Agreement as being subordinate to the lien of the Mortgage such that the foreclosure of the Mortgage and the failure of any owner to redeem the Real Estate from such foreclosure will extinguish and terminate the Development Agreement, and the TIF Note (but not the Assessment Agreement (as defined in the Development Agreement)) will automatically be canceled and rescinded; or
- (ii) treat the Development Agreement as having priority over the Mortgage, in which case the Development Agreement and the TIF Note will survive foreclosure of the Mortgage and the Development Agreement will be binding upon the holder of the Sheriff's Certificate in conjunction with the foreclosure of the Mortgage.

If Bank fails to notify the City and Creditor of its election under this Section on or before the commencement of foreclosure proceedings, Bank shall have been deemed to have elected to

treat the Development Agreement as being subordinate to the lien of the Mortgage such that the foreclosure of the Mortgage and the failure of any owner to redeem the Real Estate from such foreclosure will extinguish and terminate the Development Agreement, and the TIF Note (but not the Assessment Agreement) will automatically terminate. The City further agrees that if Bank elects to treat the Development Agreement as having priority over the Mortgage, the City will, upon completion of the foreclosure without redemption by Borrower or any junior creditor, amend the Development Agreement to extend the time for the completion of Minimum Improvements (as defined in the Development Agreement) to a date that is twelve (12) months after the expiration of all applicable redemption periods.

32. Rights of City. Bank hereby acknowledges and agrees that the City is only a party to this Agreement with respect to Section 31 hereof. Nothing in this Agreement shall impair the City's right to cancel and terminate the TIF Note upon the occurrence of any default or event of default under the Development Agreement or Creditor Documents.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Debt Subordination Agreement as of the date and year first set forth above.

“BORROWER”
F&C RAMSEY APARTMENTS, LLC,
an Indiana limited liability company

By: _____
David M. Flaherty, Manager

STATE OF INDIANA)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared David M. Flaherty, the duly authorized Manager of F&C Ramsey Apartments, LLC, who executed the foregoing Debt Subordination Agreement on behalf of such entity and acknowledged the signing and execution of said instrument to be his voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and Notarial Seal this ____ day of _____, 2012.

My Commission Expires:

_____, Notary Public
and Resident of _____ County

IN WITNESS WHEREOF, the parties hereto have executed this Debt Subordination Agreement as of the date and year first set forth above.

“MEZZANINE BORROWER”
F&C RAMSEY MEMBER, LLC,
an Indiana limited liability company

By: _____
David M. Flaherty, Manager

STATE OF INDIANA)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared David M. Flaherty, the duly authorized Manager of F&C Ramsey Member, LLC, who executed the foregoing Debt Subordination Agreement on behalf of such entity and acknowledged the signing and execution of said instrument to be his voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and Notarial Seal this ____ day of _____, 2012.

My Commission Expires:

_____, Notary Public
and Resident of _____ County

IN WITNESS WHEREOF, the parties hereto have executed this Debt Subordination Agreement as of the date and year first set forth above.

“CREDITOR”

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RAMSEY, MINNESOTA, a public body politic and
corporate under the laws of the State of Minnesota

By: _____

Printed: _____

Title: _____

STATE OF INDIANA)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared _____, the duly authorized _____ of The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota, who executed the foregoing Debt Subordination Agreement on behalf of such entity and acknowledged the signing and execution of said instrument to be his voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and Notarial Seal this ____ day of _____, 2012.

My Commission Expires:

_____, Notary Public
and Resident of _____ County

IN WITNESS WHEREOF, the parties hereto have executed this Debt Subordination Agreement as of the date and year first set forth above.

“CITY”

CITY OF RAMSEY, MINNESOTA, a home rule charter city organized and existing under the constitution and laws of the State of Minnesota

By: _____

Printed: _____

Title: _____

STATE OF INDIANA)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared _____, the duly authorized _____ of the City of Ramsey, Minnesota, who executed the foregoing Debt Subordination Agreement on behalf of such entity and acknowledged the signing and execution of said instrument to be his voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and Notarial Seal this ___ day of _____, 2012.

My Commission Expires:

_____, Notary Public
and Resident of _____ County

IN WITNESS WHEREOF, the parties hereto have executed this Debt Subordination Agreement as of the date and year first set forth above.

“BANK”
PNC BANK, NATIONAL ASSOCIATION,
a national banking association

By: _____
Sarah E. Beeson, Vice President

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

BEFORE ME, a Notary Public in and for said County and State, personally appeared Sarah E. Beeson, the duly authorized officer of PNC Bank, National Association, who executed the foregoing Debt Subordination Agreement on behalf of such entity and acknowledged the signing and execution of said instrument to be her voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and Notarial Seal this ____ day of _____, 2012.

My Commission Expires: _____
_____, Notary Public
and Resident of _____ County

This instrument drafted by (and return recorded instrument to): Keith A. Bice, Bingham Greenebaum Doll LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, IN 46204, (317) 635-8900.

EXHIBIT A
LEGAL DESCRIPTION