



2200 IDS Center
80 South 8th Street
Minneapolis MN 55402-2157
tel 612.977.8400
fax 612.977.8650

September 14, 2012

Thomas L. Bray
(612) 977-8285
tbray@briggs.com

VIA E-MAIL RCRONK@FLAHERTYCOLLINS.COM

Ryan Cronk
Flaherty & Collins Properties
Suite 1200
8900 Keystone Crossing
Indianapolis, IN 46240

**Re: The Housing and Redevelopment Authority in and for the City of Ramsey,
Minnesota - Development Agreement with F&C Ramsey Apartments, LLC
et. al.
Client Matter No. 12952.47**

Dear Ryan:

I have reviewed the Prepayment Certificate which you sent to Diana Lund earlier today. Having had more time to review the Prepayment Certificate, I have come to realize that it is really intended to satisfy requirements of PNC Bank, National Association, set forth in the Loan Agreement between F&C Ramsey Apartments, LLC, and PNC Bank and could not easily be modified to address the HRA's concerns under the Debt Subordination Agreement. Therefore, I have prepared a separate document to address the HRA's concerns, a copy of which is attached.

Please review the attached Agreement, provide a copy to PNC Bank for its review and let me know whether F&C Ramsey Member, LLC or PNC Bank, National Association have any comments or concerns regarding the Agreement.

In preparing this Agreement, I did, however, review the Prepayment Certificate which you provided to the City and I note the following:

1. The first paragraph of the Prepayment Certificate indicates that the Prepayment Certificate is given pursuant Section 9.29. I am not certain that I have the final version of the Loan Agreement between F&C Ramsey Apartments, LLC and PNC Bank, National Association, but based on the draft I do have (Document No. 1615794v6), it does not appear to me that this Prepayment is one of the Prepayments contemplated by Section 9.29 of the Loan Agreement.
2. Paragraph 1 of the Prepayment Certificate states that Borrower is making the principal prepayment to Mezzanine Lender. I do not believe that is correct.

Briggs and Morgan, Professional Association
Minneapolis | St. Paul | www.briggs.com

Member - Lex Mundi, a Global Association of Independent Law Firms

Ryan Cronk
September 14, 2012
Page 2

Under the terms of the F&C Ramsey Apartments, LLC's Loan Agreement with PNC Bank, National Association, F&C Ramsey Apartments, LLC, is defined as the "Borrower" and F&C Ramsey Member, LLC, is defined as the "Mezzanine Borrower". I believe Mezzanine Borrower is making the prepayment.

3. Paragraph 1 and the "Consent to Prepayment" section of the Prepayment Certificate state that Borrower is making a payment of principal under Loan No. 1 (as defined in the Development Agreement). I do not believe that is your intent since Mezzanine Borrower does not receive any credit for prepayments under Loan No. 1. I assume it is your intent to make a \$500,000.00 prepayment under Loan No. 2.

Again, if you have any questions or concerns regarding the attached, proposed Agreement, please call me at (612) 977- 8285.

Very truly yours,



Thomas L. Bray

TLB/wf

cc: Darren Lazan
Stephen Lee
Curtis Ulrich
Diana Lund