

AGREEMENT REGARDING PREPAYMENT

1. Recitals.

- 1.1 Recital One. 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 Members, 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 incorporated 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 laws of the State of Minnesota (the “City”) are parties to a Debt Subordination Agreement dated and entered into as of March 9, 2012 (the “Debt Subordination Agreement”).
- 1.2 Recital Two. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings given to them in the Debt Subordination Agreement.
- 1.3 Recital Three. Under the terms of the Debt Subordination Agreement, Creditor has irrevocably subordinated and postponed the payment and time of payment of all of the “Subordinated Debt”, as defined in the Debt Subordination Agreement and all claims and demands arising therefrom to the “Obligations”, as defined in the Debt Subordination Agreement, and directed that the Obligations be paid in full before the Subordinated Debt.
- 1.4 Recital Four. Notwithstanding the other provisions of the Debt Subordination Agreement, Section 3 of the Debt Subordination Agreement allows Mezzanine Borrower to make certain pre-payments to Creditor.
- 1.5 Recital Five. Mezzanine Borrower desires to make a Five Hundred Thousand Dollars (\$500,000.00) prepayment to Creditor of amounts due from Mezzanine Borrower to Creditor under that certain Note No. 2 - Promissory Note dated April 30, 2012 in the original Principal Amount of Six Million, Nine Hundred and Sixteen Thousand Dollars (\$6,916,000.00) (the “Prepayment”). Mezzanine Borrower is making the Prepayment from the proceeds of Mezzanine Borrower’s draw for “Developer Overhead” under the above referenced Note No. 2.
- 1.6 Recital Six. The Prepayment is not a permitted prepayment under Section 3 of the Debt Subordination Agreement, but Bank has agreed to allow Mezzanine Borrower to make the Prepayment to Creditor.
- 1.7 Recital Seven. Creditor has agreed to accept the Prepayment subject to the execution of this Agreement by Bank, Borrower, Mezzanine Borrower and Creditor to confirm Bank’s and Borrower’s consent to the Prepayment and to evidence Bank’s waiver of Bank’s rights under the Debt Subordination Agreement with respect to the Prepayment only, including, but not limited to, Bank’s rights under Section 10 of the Debt Subordination Agreement.

1.8 Recital Eight. As set forth in the Debt Subordination Agreement, the City of Ramsey, Minnesota, was a party to the Debt Subordination Agreement solely with respect to Section 31 of the Debt Subordination Agreement which Section 31 is not impacted or affected by this Agreement. Therefore, the City of Ramsey, Minnesota, is not a party this Agreement.

2. Agreement. Bank, Borrower, Mezzanine Borrower and Creditor agree that, notwithstanding the provisions in the Debt Subordination Agreement: (i) Mezzanine Borrower may make and Creditor may accept the Prepayment, (ii) Bank expressly waives the provisions of the Debt Subordination Agreement with respect to the Prepayment and Creditor's acceptance of the Prepayment (but not with respect to any other or future prepayment or Creditor's acceptance of any other or future prepayment); (iii) neither the Prepayment nor Creditor's acceptance of the Prepayment is subject to the provisions of Section 10 of the Debt Subordination Agreement; and (iv) Creditor shall have no obligation to remit the proceeds of the Prepayment to Bank and Bank shall have no right to recover the proceeds of the Prepayment from Creditor pursuant to Section 10 of the Debt Subordination Agreement or otherwise.

3. Impact on Debt Subordination Agreement. Except as modified by this Agreement, the Debt Subordination Agreement remains unmodified and in full force and effect.

(Signature Appear on the Following Pages)

IN WITNESS WHEREOF, the undersigned has executed this Prepayment Agreement as of the _____ day of September, 2012.

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

By: _____
Sarah E. Beeson
Its: Vice President

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

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

By: _____
David M. Flaherty
Its: Manager

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

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

By: _____
David M. Flaherty
Its: Manager

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

“CREDITOR”

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RAMSEY, MINNESOTA

a public body politic incorporated under the laws of
the State of Minnesota

By: _____

Colin J. McGloine

Its Chairperson

And

By: _____

Curtis G. Ulrich

Its Executive Director

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)