

**LOAN AGREEMENT BETWEEN
CITY OF RAMSEY
AND
RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP
FOR THE
METROPOLITAN COUNCIL LOCAL HOUSING INCENTIVES ACCOUNT -
METROPOLITAN LIVABLE COMMUNITIES ACT**

THIS LOAN AGREEMENT is entered into as of the ____ day of _____, 2017 by and between the **CITY OF RAMSEY**, a Minnesota municipal corporation (herein called the “**City**”), and **RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP**, a Minnesota limited partnership (herein called the “**Borrower**”).

WHEREAS, Minnesota Statutes, Section 473.251 creates the Metropolitan Livable Communities Fund, the uses of which must be consistent with and promote the purposes of the Metropolitan Livable Communities Act; and

WHEREAS, the Borrower on behalf of the City has made application (the “**Application**”) to and received funds in the amount of \$100,000 from the Metropolitan Council (“**Council**”) under its Local Housing Incentives Account Program (the “**LHIA Grant**”); and

WHEREAS, the City desires to loan proceeds of the LHIA Grant in the amount of \$100,000 (the “**Loan**”) to Borrower to finance costs of acquisition and construction of a 54-unit affordable rental housing project at 7562 146th Avenue Northwest, Ramsey, Minnesota.

NOW, THEREFORE, it is agreed between the parties hereto that:

1. **AWARD.** The City agrees to make the Loan to the Borrower for the “**Project**” described in that certain Grant Agreement No. SG-21549 between the City and the Council (the “**LHIA Grant Agreement**”), a copy of which is attached hereto as Exhibit A.
2. **AUTHORIZED USES.** Loan funds must be used in accordance with the eligible uses and costs as described in the LHIA Grant Agreement (the “**Project Costs**”). The Borrower may not use the Loan for grants or loans to any subrecipients. Notwithstanding anything herein to the contrary, the Borrower understands and agrees that any reduction or termination of the LHIA Grant may result in a like reduction or termination of the Loan, and that any material change in the scope of the Project or budget in the LHIA Grant Agreement must be approved in writing by the City and the Council in accordance with the LHIA Grant Agreement, which approval by the City will not be unreasonably withheld.
3. **MATCH REQUIREMENT.** The Borrower shall satisfy the 1:1 match requirement set forth in Section 2.03 of the LHIA Grant Agreement.
4. **PERFORMANCE MONITORING.** The Borrower must comply with all requirements in the LHIA Grant Agreement. The Borrower must submit periodic reports to the City on the status of the Project, the expenditure of the Loan funds, and the sources and expenditure of the match funds. Submission of properly completed payment draw request forms required under Section 7 herein will constitute periodic reports. The Borrower must also complete and submit to the City: (i) annual reports per Section 2.06(c) of the LHIA Grant Agreement and (ii) a closeout report form per Section 3.03 of the LHIA Grant Agreement.

A default under the LHIA Grant Agreement will constitute noncompliance with this Loan Agreement. If the City finds that there has been a material failure to comply with the provisions of this Loan Agreement, the City may take action to protect its interests, including refusal to disburse additional funds and acceleration of the Loan. If action to correct such default is not taken by the Borrower within sixty (60) calendar days (or such longer period as is reasonably necessary and approved by the City) after being notified by the City, the City may terminate this Loan Agreement. Termination does not alter Borrower's obligation to repay any Loan funds due to the City as a result of a default under the terms of this Loan Agreement. The City agrees that a cure of an event of default under this Loan Agreement made or tendered by the Borrower's limited partner or its designee shall be accepted or rejected on the same basis as if such cure was made or tendered by the Borrower and, to the extent accepted, shall be deemed to be a cure by Borrower hereunder.

Notwithstanding any contrary provision of this Loan Agreement, if for any reason other than solely the City's negligence in managing the LHIA Grant funds, the Council requires the City to repay any or all of the LHIA Grant funds, Borrower unconditionally guarantees that it will repay whatever funds are required to be returned to the Council within ten (10) days of written notification of the Council's requirement, and, in addition, agrees to pay any and all expenses incurred by the City in enforcing this provision. Borrower hereby expressly and irrevocably waives all defenses in any action brought by the City to enforce this provision based on claims of waiver, release, surrender, alteration or compromise. This provision shall survive expiration or termination of this Loan Agreement.

5. **TIME OF PERFORMANCE.** Borrower must complete the Project on or before December 31, 2019 (the "**End Date**"). The City is not obligated to disburse funds for any Project Costs incurred after the End Date or any earlier termination, whichever occurs first. Any Loan funds not disbursed prior to the End Date will revert to the Council and the Loan amount will be reduced accordingly.
6. **CONDITIONS PRECEDENT TO DISBURSEMENT.** The following requirements are conditions precedent to disbursement of the Loan:
 - A. The Borrower shall have provided evidence satisfactory to the City showing that Borrower has title in fee simple and possession of the Project site.
 - B. The Borrower shall have delivered, without expense to the City, duly executed copies of the following documents, each of which shall be in form and substance acceptable to the City:
 - (i) A Note of Borrower in the original principal amount of Four Hundred Thousand and No/100 Dollars (\$100,000.00) payable to the City in the form attached hereto as Exhibit B-1 (the "**Note**").
 - (ii) A Mortgage, Security Agreement and Fixture Financing Statement securing payment of the Note and constituting a lien on the Project, subject only to encumbrances specifically permitted by the City and in the form attached hereto as Exhibit B-2 (the "**Mortgage**").
 - C. All filing fees for the Mortgage shall have been paid by Borrower.
 - D. The Borrower shall have deposited in escrow with a title insurance company or otherwise have available to the satisfaction of the City, equity, loan proceeds or other funds sufficient together with the Loan funds to pay for all unpaid Project Costs.

- E. The Borrower shall have provided evidence of compliance with the environmental site assessment requirement in Section 3.04 of the LHIA Grant Agreement, if applicable.
- F. The Borrower shall have provided the City with evidence of compliance with the insurance requirements of Section 10(E) herein.
- G. The City shall have reasonably approved the entities that will be under contract with the Borrower to complete the Project.
- H. The Borrower shall have incurred eligible costs, including construction costs, sufficient to satisfy the 1:1 match requirements in Section 2.03 of the LHIA Grant Agreement.
- I. The Borrower shall have provided evidence satisfactory to the City showing that Borrower intends to rent all of the units to tenants making 60% or less of AMI.
- J. The Borrower shall have obtained City approval of an affirmative action plan.
- K. The Borrower shall have provided to the City such evidence of compliance with all of the provisions of this Loan Agreement as the City may reasonably request.
- L. The Borrower shall have submitted a disbursement request per Section 7 herein.

7. **DISBURSEMENT.** It is expressly agreed and understood that the total amount to be disbursed by the City under this Loan Agreement will not exceed \$100,000. The final request for disbursement must be submitted within five (5) months after the End Date. The City will make disbursements no more often than every 30 days and only upon receipt of a written disbursement request from Borrower acceptable to the City and the Council, which shall include the following:

- A. Completed and executed disbursement request in the form attached hereto as Exhibit C (the “**Disbursement Request Form**”), and accompanied by itemized invoices from each provider to be paid or cost to be reimbursed.
- B. Completed Payment Request Summary Form in the form required by the Council.

Collectively, the Disbursement Request Form and the Payment Request Summary Form shall be referred to as a “**Disbursement Request.**”

The City shall, upon its approval of a Disbursement Request, forward the Payment Request Summary Form and supporting invoices to the Council for approval. The Council is the final arbiter of what costs are eligible for reimbursement. Upon Council approval and disbursement of the approved amounts of LHIA Grant funds, the City shall disburse the approved amount of Loan funds to Commercial Partners Title (“**Title**”). Title shall disburse the Loan funds in accordance with the information provided in the Disbursement Request and pursuant to the Master Disbursing Agreement among the City, the Borrower, Title and the other lenders.

8. **NOTICES.** Communication and details concerning this Loan Agreement shall be directed to the following representatives:

City: City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

Borrower: Ramsey Station Apartments Limited Partnership
c/o Aeon
901 North Third Street, Suite 150
Minneapolis, MN 55401
Phone: (612) 341-3148
Attention: Blake Hopkins

With copies to: Faegre Baker Daniels LLP
90 South Seventh Street
2200 Wells Fargo Center
Minneapolis, MN 55402
Phone: (612) 766-6833
Fax: (612) 766-1600
Attn: Angela M. Christy, Esq.

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28202-6000
Attention: Director of Asset Management

Joel Hjelmaas, Counsel
Wells Fargo Bank, N.A.
MAC X2401-06T
1 Home Campus, 6th Floor
Des Moines, IA 50328-0001

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: John D. Nolde, Esq.

Title: Commercial Partners Title
200 South Sixth Street, Suite 1300
Minneapolis, MN 55402

9. **STORMWATER DISCHARGE AND WATER MANAGEMENT PLAN REQUIREMENTS.** The Borrower shall meet all applicable requirements of:
- A. Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and
 - B. The Council's *2030 Water Resources Management Policy Plan* and the local water management plan for the jurisdiction within which the Project is located.

10. GENERAL CONDITIONS.

- A. General Compliance. The Borrower agrees to comply with all applicable federal, state and local laws and regulations governing the Project and funds provided under this Loan Agreement.
- B. Independent Contractor. Nothing contained in this Loan Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Borrower shall at all times remain an independent contractor with respect to the services to be performed under this Loan Agreement. The City shall be exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance as the Borrower is an independent contractor.
- C. Indemnification and Hold Harmless. The Borrower shall hold harmless, defend and indemnify the City and Council from any and all liability, claims, actions, suits, charges, damages, losses, costs, expenses, and judgments whatsoever, including reasonable attorney's fees, that arise directly or indirectly out of the Borrower's, its contractors or subcontractors performance or nonperformance of the services or subject matter called for in this Loan Agreement, except to the extent that such liability, claims, actions, suits, charges, damages, losses, costs, expenses, and judgments arise from the gross negligence or willful misconduct of the City and Council or agents thereof. This clause shall not be construed to bar any legal remedies Borrower may have for the City's or Council's failure to fulfill its obligations pursuant to this Loan Agreement.

Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes, Chapter 115B, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) as amended, United States Code, title 42, Sections 9601 et. seq., and the Federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, Sections 6901 et. seq. This indemnification shall not be construed as a waiver on the part of either the City or the Council of any immunities or limits on liability provided by Minnesota Statutes, Chapter 466 or other applicable State or Federal law.
- D. Workers' Compensation. The Borrower shall provide workers' compensation insurance coverage for any of its employees involved in the performance of this Loan Agreement.
- E. Insurance. The Borrower shall maintain the insurance coverages set out in the Mortgage.

11. ADMINISTRATIVE REQUIREMENTS.

- A. Accounting Standards. The Borrower agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by generally accepted accounting practices to properly account for expenses incurred under this Loan Agreement.
- B. Records.
 - 1. Retention. The Borrower shall retain all records pertinent to expenditures incurred under this Loan Agreement until conclusion of the latest of (a) six (6) years after the Borrower has completed the Project; or (b) six (6) years after the Borrower has expended all proceeds of the Loan; or (c) six (6) years after the resolution of all audit findings. Records for nonexpendable property acquired with funds under this Loan Agreement shall be retained for six (6) years after final disposition of such property.

Records for any displaced person must be kept for six (6) years after he/she has received final payment.

2. Inspections. All Borrower records with respect to any matters covered by this Loan Agreement shall be made available to the City, Council or their designees at any time during normal business hours, as often as the City or Council deems reasonably necessary, to audit, examine, and make excerpts or transcripts of all relevant data.
3. [Intentionally Omitted].
4. Data Practices Act. The Borrower shall comply with applicable provisions of the Minnesota Government Data Practices Act, Chapter 13.

12. PERSONNEL AND PARTICIPANT CONDITIONS.

A. Equal Employment Opportunity. Borrower agrees for itself and its successors and assigns, that during the term of this Loan Agreement:

1. Borrower will comply with the applicable federal, state and local laws, rules and regulations regarding equal employment opportunities, including nondiscrimination provisions contained in Chapter 181, Minnesota Statutes, the Americans with Disabilities Act of 1990 (as amended), Section 109 of the Housing and Community Development Act of 1974 (as amended), the Age Discrimination Act of 1975 (as amended) and Executive Order 11246, as amended by Executive Order 12086.
2. Borrower is committed to the concept of equal opportunity in both participation by women and minority business enterprises and employment of women and minorities, and agrees that the affirmative action program of Borrower is binding on Borrower.
3. Borrower will take such action with respect to any construction contract, subcontract, or purchase order as City may direct as a means of enforcing such provisions, including sanctions for noncompliance.
4. In the event of the Borrower's noncompliance with these nondiscrimination clauses, the contract may be cancelled, terminated, or suspended, in whole or in part.

B. Affirmative Action.

1. Plan. The Borrower shall develop an affirmative action plan. The City shall provide affirmative action guidelines to the Borrower to assist in the formulation of such plan. The Borrower shall submit any necessary affirmative action documentation to the City for approval prior to the disbursement of funds.
2. Access to Records. The Borrower shall furnish all information and reports required hereunder and by the rules and regulations of the City, and to permit access to the Borrower's books, records and accounts for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.
3. Notifications. The Borrower shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or

worker's representative of the Borrower's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. EEO/AA Statement. The Borrower shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that it is an equal opportunity or affirmative action employer.

C. Conduct.

1. Assignability. Except as set forth in the Rider (attached hereto), the Borrower shall not assign or transfer any interest in this Loan Agreement (whether by assignment or novation) without the prior written consent of the City; provided, however, that claims for money due or to become due to the Borrower from the City under this Loan Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.
2. Subcontracts.
 - (a) Selection Process. The Borrower shall undertake to insure that all contracts and subcontracts let in the performance of this Loan Agreement shall be awarded on a fair and open competition basis. Executed copies of all contracts and subcontracts along with documentation concerning the selection process shall be forwarded to the City upon request.
 - (b) Monitoring. The City may monitor contracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.
 - (c) OSHA. Borrower shall require that contractors performing work being paid with the Loan funds be in compliance with all applicable OSHA regulations, especially the Federal Hazardous Waste Operations an Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65).

13. MISCELLANEOUS.

- A. Copyright. If this Loan Agreement results in any copyrightable material, the author is free to copyright the work, but the City and/or the Council reserves the right to royalty-free, nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, the work for government purposes.
- B. Religious Organization. The Borrower agrees that funds provided under this Loan Agreement will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization.
- C. Plain Language Law. To the extent applicable, the Borrower shall comply with provisions of the plain language law requiring written material produced for applicants and recipients to be understandable to a person who reads at the seventh grade level (*Minnesota Statutes*, Section 268.0124, 1988).

- D. Governing Law. This Loan Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota.
- E. Counterparts. This Loan Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.
- F. Acknowledgements. The Borrower shall acknowledge the financial assistance provided by the City and Council in promotional materials, press releases, reports and publications relating to the Project. The acknowledgement should contain the following language:

*Financing for this project was provided by the Metropolitan Council
Metropolitan Livable Communities Fund and the City of Ramsey.*

Until the Project is completed, the Borrower shall ensure the above acknowledgement language, or alternative language approved by the Council's authorized agent, is included on all signs located at project or construction sites that identify project funding partners or entities providing financial support for the project.

- G. Limited Recourse. Except in the case of fraud or willful misconduct, neither Borrower nor any partner, officer, director, shareholder, employee or agent of Borrower shall have any personal liability for Borrower's obligations hereunder or under the Note or Mortgage, it being recognized by the City that the obligations of Borrower hereunder and under such documents are nonrecourse obligations and that the remedies of the City are limited to the security provided hereunder.
- H. Rider. The terms of the Rider to Loan Documents attached hereto, are made a part hereof, and in the event of any inconsistencies, the Rider to Loan Documents shall control.
- I. [Master Subordination Agreement/Subordination Agreement. Borrower, Lender, Wells Fargo Bank, N.A., Anoka County, and the Minnesota Housing Finance Agency have or will enter into a Master Subordination Agreement which will be amended to include the Minnesota Housing Finance Agency after completion of the Project ("Master Subordination Agreement"). The terms of the Master Subordination Agreement have priority of this Agreement, the Note and the Mortgage to the extent there are inconsistencies. _]

(Signature pages follow.)

(Signature page to Loan Agreement)

IN WITNESS WHEREOF, the parties have executed this Loan Agreement as of the date first written above.

CITY OF RAMSEY

By: _____
Its: Mayor

By: _____
Its: City Manager

(Signature page to Loan Agreement)

**RAMSEY STATION APARTMENTS LIMITED
PARTNERSHIP**

By: Aeon
Its: Managing General Partner

By: _____
Caroline Horton, Chief Financial Officer

ACKNOWLEDGMENT OF TITLE

The undersigned hereby acknowledges and accepts the obligations of "Title" under the attached Loan Agreement dated as of _____, 2017, between Ramsey Station Apartments Limited Partnership and the City of Ramsey.

IN FURTHERANCE WHEREOF, the undersigned has hereunto set its hand as of this ____ day of _____, 2017.

COMMERCIAL PARTNERS TITLE LLC

By _____

Its _____

RIDER TO LHIA LOAN DOCUMENTS

This RIDER TO LOAN DOCUMENTS is made and entered into this ____ day of _____, 2017, by and between the **CITY OF RAMSEY**, a Minnesota municipal corporation (“Lender”) and **RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP**, a Minnesota limited partnership (“Borrower”). For purposes of this Rider, the term “Limited Partner” shall mean Wells Fargo Affordable Housing Community Development Corporation and its successors and/or assigns.

WHEREAS, as of the date hereof, Borrower is executing and delivering to Lender certain documents, including without limitation, a Note (LHIA Funds), a Combination Mortgage, Security Agreement and Fixture Financing Statement (LHIA Funds)(“the “Mortgage”), a Loan Agreement, and all other documents (the “Loan Documents”), evidencing a loan in the amount of \$100,000 (the “Loan”) to be made from Lender to Borrower in connection with the development of a low-income housing tax credit apartment complex located in Hennepin County, Minnesota and known as Indian Knoll Manor (the “Project”).

WHEREAS, Lender and Borrower desire that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the Loan Documents, as set forth in this Rider.

NOW THEREFORE, in consideration of executing and delivering the Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the Loan Documents at the time of execution will be amended by the provisions of this Rider as follows:

1. **Removal and Replacement of General Partner and Property Manager.** Notwithstanding anything to the contrary contained in the Loan Documents, removal, transfer, replacement, or withdrawal in lieu of removal, of Borrower’s general partner(s) and property manager for cause in accordance with Borrower’s Amended and Restated Agreement of Limited Partnership (as amended from time to time, the “Partnership Agreement”) shall not constitute a default under the Loan Documents provided that the Limited Partner delivers prior written notice thereof to Lender and that the substituted general partner or property manager shall be reasonably acceptable to Lender. Upon the removal, transfer, replacement or withdrawal of the general partner, an affiliate of the Limited Partner may serve as the substitute general partner until such time as the Limited Partner and Lender each approve a successor general partner.

2. **Assignment of Limited Partner Interest.** Notwithstanding anything to the contrary contained in the Loan Documents, the interest of Borrower’s Limited Partner shall be freely transferable and any amendment to Borrower’s Partnership Agreement to effectuate such transfers shall not require Lender consent.

3. **Notice and Cure Rights.** Notwithstanding anything to the contrary contained in the Loan Documents, Lender hereby agrees that any cure of any default made or tendered by Borrower’s Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Lender agrees to send courtesy copies of all notices which are sent to Borrower under the terms of the Loan Documents to the Limited Partner at Wells Fargo Affordable Housing Community Development Corporation; MAC D 1053-170; 301 South College Street, 17th Floor, Charlotte, NC 28202-6000; Attention: Director of Asset Management; with a copy to: Winthrop & Weinstine, P.A., 225 South Sixth Street, Suite 3500, Minneapolis, MN 55402, Attn.: John Nolde.

4. **Extended Use Agreement.** The parties acknowledge that Borrower intends to enter into an extended use agreement with Lender, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not

otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement required by the Lender is recorded against the Project, Lender agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii). This section shall apply notwithstanding the order of recording of any of the Loan Documents and the Extended Use Agreement (as such term is defined in the Borrower's Partnership Agreement), executed in connection with the allocation of federal low income housing tax credits to the Borrower for the Project pursuant to Section 42 of the Code.

5. **Agreement to Standstill.** Lender acknowledges and agrees that the Loan Documents securing the Loan shall be subordinate to a bank loan secured by a first position mortgage on the property of the Project (the "Senior Loan"), which subordination shall be evidenced by a written, recorded subordination agreement in a form reasonably acceptable to Lender and to be executed by Lender. Notwithstanding anything in the Loan Documents to the contrary, if an event of default, failure, or violation occurs under the Loan Documents, and is continuing beyond any applicable cure periods, Lender agrees that, without the prior written consent of the then applicable Senior Loan lender (the "Senior Lender"), it will not accelerate the loan, commence foreclosure proceedings on the property or any other collateral for the loan, collect rents, appoint, or seek the appointment of, a receiver or institute any other collection or enforcement action.

6. **Damage, Destruction and Condemnation.** Notwithstanding anything to the contrary contained in any Loan Document, Lender agrees to apply all insurance proceeds resulting from casualty or damage of the Property and all payments or awards resulting from a taking, for any public or quasi-public purpose by any lawful power or authority by exercise of the power of condemnations or eminent domain, toward the restoration, replacement or rebuilding of the Project, or any part thereof, as nearly as possible to its value, condition and operational character immediately prior to any such damage, destruction or taking ("Restoration"), provided sufficient funds are available from all sources to complete such Restoration.

7. **Debt Service Coverage Requirements.** So long as Borrower is current on all debt service payments payable under the Loan, the failure to meet any debt service coverage requirements at any time or times shall not constitute a default under the Loan.

8. **Force Majeure.** There shall be no default under the Loan Documents for construction or rehabilitation delays beyond the reasonable control of the Borrower.

9. **Purchase Rights.** The Lender consents to those purchase options, put rights and rights of first refusal in favor of the general partner of Borrower or its designee which are set forth in Borrower's Partnership Agreement, and agrees that transfer of title to the Project in accordance therewith shall not constitute a default under the Loan Documents.

10. **Lender Approvals.** Lender agrees that all approvals and consents of the Lender under the Loan Documents shall not be unreasonably withheld, delayed or conditioned. Further, amendments to Borrower's Partnership Agreement entered into in order to effect transfers or assignments of the Limited Partner's interest pursuant to Sections 2 and 9 above shall not require the consent or approval of the Lender; provided, written notice of the foregoing transfers are promptly provided to the Lender.

11. **Third Party Beneficiary.** Borrower's Limited Partner, and its successors and assigns, is a third party beneficiary of the rights of Borrower under the Loan Documents, as modified by this Rider and has the right to directly enforce such rights.

12. **Inconsistency.** In the event of any inconsistency or conflict between the covenants, terms and conditions of any of the Loan Documents and this Rider, the covenants, terms and conditions of this Rider shall control.

13. **Survival.** Except to the extent expressly modified, supplemented or amended in this Rider, the Loan Documents remain in full force and effect.

14. **Counterparts.** This Rider may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument. The production of any executed counterpart of this Rider shall be sufficient for all purposes without producing any other counterpart thereof.

15. **Non-recourse.** Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and Borrower's general and limited partners and the Lender's sole recourse with respect to repayment of the Loan shall be the right to foreclose under the Mortgage and other collateral forming part of the Loan Documents.

EXHIBIT A

LHIA GRANT AGREEMENT AND ATTACHMENTS

LOCAL HOUSING INCENTIVES ACCOUNT

GRANTEE: City of Ramsey		GRANT NO. SG-21549
PROJECT: Ramsey Apartments		
GRANT AMOUNT: \$100,000	FUNDING CYCLE: 2016	
COUNCIL ACTION: December 14, 2016	EXPIRATION DATE: December 31, 2019	

**METROPOLITAN LIVABLE COMMUNITIES ACT
GRANT AGREEMENT**

THIS GRANT AGREEMENT (“Agreement”) is made and entered into by the Metropolitan Council (“Council”) and the Municipality or Development Authority identified above as “Grantee.”

WHEREAS, Minnesota Statutes section 473.251 creates the Metropolitan Livable Communities Fund, the uses of which fund must be consistent with and promote the purposes of the Metropolitan Livable Communities Act (“LCA”) and the policies of the Council’s Metropolitan Development Guide; and

WHEREAS, Minnesota Statutes sections 473.251 and 473.254 establish within the Metropolitan Livable Communities Fund a Local Housing Incentives Account and require the Council to annually distribute funds in the account to Participating Municipalities that have not met their affordable and life-cycle housing goals and are actively funding projects designed to help meet the goals, or to Development Authorities for projects located in eligible Municipalities; and

WHEREAS, the Grantee is a Municipality that has negotiated affordable and life-cycle housing goals pursuant to Minnesota Statutes section 473.254, subdivision 2 and has elected to participate in the Local Housing Incentives Account program, or is a Development Authority; and

WHEREAS, the Grantee seeks funding in connection with an application for Local Housing Incentives Account funds submitted in response to a Request for Proposals issued by the Metropolitan Housing Implementation Group for the “Funding Cycle” identified above and will use the grant funds made available under this Agreement to help fund the “Project” identified in the application; and

WHEREAS, the Council awarded Local Housing Incentives Account funds to the Grantee subject to any terms, conditions and clarifications stated in its Council Action, and with the understanding that the Project identified in the application will proceed to completion in a timely manner, all grant funds will be expended prior to the “Expiration Date” identified above and Project construction will have “commenced” before the Expiration Date.

LOCAL HOUSING INCENTIVES ACCOUNT

NOW THEREFORE, in reliance on the above statements and in consideration of the mutual promises and covenants contained in this Agreement, the Grantee and the Council agree as follows:

I. DEFINITIONS

1.01. Definition of Terms. The terms defined in this section have the meanings given them in this section unless otherwise provided or indicated by the context.

- (a) **Commenced.** For the purposes of Sections 2.09 and 4.03, “commenced” means significant physical improvements have occurred in furtherance of the Project (*e.g.*, a foundation is being constructed or other tangible work on a structure has been initiated). In the absence of significant physical improvements, visible staking, engineering, land surveying, soil testing, cleanup site investigation, or pollution cleanup activities are not evidence of Project commencement for the purposes of this Agreement.
- (b) **Council Action.** “Council Action” means the action or decision of the governing body of the Metropolitan Council, on the meeting date identified at Page 1 of this Agreement, by which the Grantee was awarded Local Housing Incentives Account funds.
- (c) **Development Authority.** “Development Authority” means a housing and redevelopment authority, economic development authority, or port authority.
- (d) **Municipality.** “Municipality” means a statutory or home rule charter city or town in the seven-county metropolitan area defined by Minnesota Statutes section 473.121, subdivision 2.
- (e) **Participating Municipality.** “Participating Municipality” means a Municipality electing to participate in the Local Housing Incentives Account program under Minnesota Statutes section 473.254.
- (f) **Project.** Unless clearly indicated otherwise by the context of a specific provision of this Agreement, “Project” means the development or redevelopment project identified in the application for Local Housing Incentives Account funds for which grant funds were requested. Grant-funded activities typically are components of the Project.

II. GRANT FUNDS

2.01. Source of Funds. The grant funds made available to the Grantee under this Agreement are from the Local Housing Incentives Account of the Metropolitan Livable Communities Fund. The grant funds are derived from property taxes authorized by Minnesota Statutes sections 473.249, 473.253 and 473.254, subdivision 15 and are not from federal sources.

2.02 Total Grant Amount. The Council will grant to the Grantee the “Grant Amount” identified at Page 1 of this Agreement. Notwithstanding any other provision of this Agreement, the Grantee understands and agrees that any reduction or termination of Local Housing Incentives Account funds made available to the Council, or any reduction or termination of the

LOCAL HOUSING INCENTIVES ACCOUNT

dollar-for-dollar match amount required under Section 2.03, may result in a like reduction in the Grant Amount made available to the Grantee.

2.03. Match Requirement. Pursuant to Minnesota Statutes section 473.254, subdivision 6, the Grantee shall match on a dollar-for-dollar basis the total Grant Amount received from the Council under Section 2.02. The source and amount of the dollar-for-dollar match shall be identified by the Grantee in the application for grant funds.

2.04. Authorized Use of Grant Funds. The Grant Amount made available to the Grantee under this Agreement shall be used only for the purposes and Project activities described in the application for Local Housing Incentives Account funds. A Project summary that identifies eligible uses of the grant funds as approved by the Council is attached to and incorporated into this Agreement as Attachment A. Grant funds must be used for purposes consistent with Minnesota Statutes section 473.25(a), in a Participating Municipality.

2.05. Ineligible Uses. Grant funds must be used for costs directly associated with the specific proposed Project activities and shall not be used for “soft costs” such as: administrative overhead; travel expenses; legal fees; insurance; bonds; permits, licenses or authorization fees; costs associated with preparing other grant proposals; operating expenses; planning costs, including comprehensive planning costs; and prorated lease and salary costs. Grant funds may not be used for costs of Project activities that occurred prior to the grant award. A detailed list of ineligible and eligible costs is available from the Council’s Livable Communities program office. Grant funds also shall not be used by the Grantee or others to supplant or replace: (a) grant or loan funds obtained for the Project from other sources; (b) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (c) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council shall bear no responsibility for cost overruns which may be incurred by the Grantee or others in the implementation or performance of the Project activities. The Grantee agrees to comply with any “business subsidy” requirements of Minnesota Statutes sections 116J.993 to 116J.995 that apply to the Grantee’s expenditures or uses of the grant funds.

2.06. Loans for Low-Income Housing Tax Credit Projects. If consistent with the application and the Project activities described or identified in Attachment A, or if requested in writing by the Grantee, the Grantee may structure the grant assistance to the Project as a loan so the Project Owner can take advantage of federal and state low-income housing tax credit programs. The Grantee may use the grant funds as a loan for a low-income housing tax credit Project, subject to the terms and conditions stated in Sections 2.04 and 2.05 and the following additional terms and conditions:

- (a) The Grantee covenants and represents to the Council that the Project is a rental housing project that received or will receive an award of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency.

LOCAL HOUSING INCENTIVES ACCOUNT

- (b) The Grantee will execute a loan agreement with the Project Owner. Prior to disbursing any grant funds for the Project, the Grantee will provide to the Council a copy of the loan agreement between the Grantee and the Project Owner.
- (c) The Grantee will submit annual written reports to the Council that certify: (1) the grant funds continue to be used for the Project for which the grant funds were awarded; and (2) the Project is a "qualified low-income housing project" under Section 42 of the Internal Revenue Code of 1986, as amended. This annual reporting requirement is in addition to the reporting requirements stated in Section 3.03. Notwithstanding the Expiration Date identified at Page 1 of this Agreement and referenced in Section 4.01, the Grantee will submit the annual certification reports during the initial "compliance period" and any "extended use period," or until such time as the Council terminates this annual reporting requirement by written notice to the Grantee.
- (d) The grant funds made available to the Grantee and disbursed to the Project Owner by the Grantee in the form of a loan may be used only for the grant-eligible activities and Project components for which the Grantee was awarded the grant funds. For the purposes of this Agreement, the term "Project Owner" means the current Project Owner and any Project Owner successor(s).
- (e) Pursuant to Section 2.05, the grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan shall not be used by the Grantee, the Project Owner or others to supplant or replace: (1) grant or loan funds obtained for the Project from other sources; (2) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (3) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council will not make the grant funds available to the Grantee in a lump sum payment, but will disburse the grant funds to the Grantee on a reimbursement basis pursuant to Section 2.11.
- (f) By executing this Agreement, the Grantee: (1) acknowledges that the Council expects the loan will be repaid so the grant funds may be used to help fund other activities consistent with the requirements of the Metropolitan Livable Communities Act; (2) covenants, represents and warrants to the Council that the Grantee's loan to the Project Owner will meet all applicable low-income housing tax credit program requirements under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency; and (3) agrees to administer its loan to the Project Owner consistent with federal and state low-income housing tax credit program requirements.
- (g) The Grantee will, at its own expense, use diligent efforts to recover loan proceeds: (1) when the Project Owner becomes obligated to repay the Grantee's loan or defaults on the Grantee's loan; (2) when the initial thirty-year "compliance period" expires, unless the Council agrees in writing that the Grantee may make the grant funds available as a loan to the Project Owner for an "extended use period"; and (3) if noncompliance with low-income housing tax credit program requirements or some other event triggers the

LOCAL HOUSING INCENTIVES ACCOUNT

Project Owner's repayment obligations under its loan agreement with the Grantee. The Grantee must repay to the Council all loan repayment amounts the Grantee receives from the Project Owner. The Grantee shall not be obligated to repay the grant funds to the Council except to the extent the Project Owner repays its loan to the Grantee, provided the Grantee has exercised the reasonable degree of diligence and used administrative and legal remedies a reasonable and prudent housing finance agency would use to obtain payment on a loan, taking into consideration (if applicable) the subordinated nature of the loan. At its discretion, the Council may: (1) permit the Grantee to use the loan repayment from the Project Owner to continue supporting affordable housing components of the Project; or (2) require the Grantee to remit the grant funds to the Council.

- (h) If the Grantee earns any interest or other income from its loan agreement with the Project Owner, the Grantee will: (1) use the interest earnings or income only for the purposes of implementing the Project activities for which the grant was awarded; or (2) remit the interest earnings or income to the Council. The Grantee is not obligated to earn any interest or other income from its loan agreement with the Project Owner, except to the extent required by any applicable law.

2.07. Revolving or Deferred Loans. If consistent with the application and the Project summary or if requested in writing by the Grantee, the Grantee may use the grant funds to make deferred loans (loans made without interest or periodic payments), revolving loans (loans made with interest and periodic payments) or otherwise make the grant funds available on a "revolving" basis for the purposes of implementing the Project activities described or identified in Attachment A. The Grantee will submit annual written reports to the Council that report on the uses of the grant funds. The Council will determine the form and content of the report. This annual reporting requirement is in addition to the reporting requirements stated in Section 3.03. Notwithstanding the Expiration Date identified at Page 1 of this Agreement and referenced in Section 4.01, the Grantee will submit the annual reports until the deferred or revolving loan programs terminate, or until the Council terminates this annual reporting requirement by written notice from the Council. At its discretion, the Council may: (1) permit the Grantee to use loan repayments to continue supporting affordable housing components of the Project; or (2) require the Grantee to remit the grant funds to the Council.

2.08. Restrictions on Grants and Loans by Subrecipients. The Grantee shall not permit any subgrantee or subrecipient to use the grant funds for grants or loans to any subgrantee or subrecipient at any tier unless the Grantee obtains the prior written consent of the Council. The requirements of this Section 2.08 shall be included in all subgrant and subrecipient agreements.

2.09. Project Commencement and Changes. The Project for which grant funds were requested must be "commenced" prior to the Expiration Date. The Grantee must promptly inform the Council in writing of any significant changes to the Project for which the grant funds were awarded, as well as any potential changes to the grant-funded activities described or identified in Attachment A. Failure to inform the Council of any significant changes to the Project or significant changes to grant-funded components of the Project, and use of grant funds for ineligible or unauthorized purposes, will jeopardize the Grantee's eligibility for future LCA

LOCAL HOUSING INCENTIVES ACCOUNT

awards. Grant funds will not be disbursed prior to Council approval of significant changes to either the Project or grant-funded activities described or identified in Attachment A.

2.10. Loss of Grant Funds. The Grantee agrees to remit to the Council in a prompt manner: any unspent grant funds, including any grant funds that are not expended prior to the Expiration Date identified at Page 1 of this Agreement; any grant funds that are not used for the authorized purposes; any grant funds that are not matched on a dollar-for-dollar basis as required by Section 2.03; and any interest earnings described in Section 2.12 that are not used for the purposes of implementing the grant-funded Project activities described or identified in Attachment A. For the purposes of this Agreement, grant funds are “expended” prior to the Expiration Date if the Grantee pays or is obligated to pay for expenses of eligible grant-funded Project activities that occurred prior to the Expiration Date and the eligible expenses were incurred prior to the Expiration Date. Unspent or unused grant funds and other funds remitted to the Council shall revert to the Council’s Local Housing Incentives Account for distribution through application processes in future Funding Cycles or as otherwise permitted by law.

2.11. Payment Request Forms, Documentation, and Disbursements. The Council will disburse grant funds in response to written payment requests submitted by the Grantee and reviewed and approved by the Council’s authorized agent. Written payment requests shall be made using payment request forms, the form and content of which will be determined by the Council. Payment request and other reporting forms will be provided to the Grantee by the Council. Payment requests must include the following documentation:

Consultant/contractor invoices showing the time period covered by the invoice; the specific grant-funded Project activities conducted or completed during the authorized time period within which eligible costs may be incurred; and documentation supporting expenses including subcontractor and consultant invoices showing unit rates, quantities, and a description of the good or services provided. Subcontractor markups shall not exceed ten percent (10%).

The Council will disburse grant funds on a reimbursement basis or a “cost incurred” basis. The Grantee must provide with its written payment requests documentation that shows grant-funded Project activities have been completed. Subject to verification of each payment request form (and the required documentation) and approval for consistency with this Agreement, the Council will disburse a requested amount to the Grantee within two (2) weeks after receipt of a properly completed and verified payment request form.

2.12. Interest Earnings. If the Grantee earns any interest or other income from the grant funds received from the Council under this Agreement, the Grantee will use the interest earnings or income only for the purposes of implementing the Project activities described or identified in Attachment A.

2.13. Effect of Grant. Issuance of this grant neither implies any Council responsibility for contamination, if any, at the Project site nor imposes any obligation on the Council to participate in any pollution cleanup of the Project site if such cleanup is undertaken or required.

LOCAL HOUSING INCENTIVES ACCOUNT

2.14. Resale Limitations. The Grantee must impose resale limitations regarding the disposition of any equity realized by the purchasers of “affordable” units if grant funds received from the Council under this Agreement are used for homeownership affordability gap financing in the Project described or identified in Attachment A. The intent of this resale limitation is to protect the public investment in the Project and ensure that a proportion of the affordability gap provided by the public investment in the form of grant funds received from the Council is recaptured for reuse in conjunction with other affordable housing efforts and does not become a windfall for any purchaser who might sell the home prior to expiration of a predetermined resale limitation period. If a purchaser sells the “affordable” home prior to expiration of the resale limitation time period, an equitable proportion of the affordability gap filled by grant funds received from the Council under this Agreement must be recaptured by the Grantee within twenty-four (24) months of the triggering resale event and applied to a similar affordable housing project within the Participating Municipality, or returned to the Council. Unless otherwise agreed to by the Council and the Grantee, the length of the resale limitation time period and the proportion of the affordability gap to be recovered will be consistent with resale limitation time periods and repayment schedules stated in the Project application. These resale limitations do not apply when the grant funds are used for homeownership value gap financing.

2.15. Affordability Term. The Grantee shall, through written instruments or otherwise, ensure the affordable units acquired or developed with grant funds made available under this Agreement will remain affordable for a minimum period of fifteen (15) years. The Grantee’s obligation under this section may be satisfied if other Project funding sources (e.g., the Minnesota Housing Finance Agency or the U.S. Department of Housing and Urban Development (“HUD”)) or state or federal laws (e.g., low-income housing tax credit programs) require an affordability term of at least fifteen (15) years. For the purposes of this section, “affordable housing unit” means a unit that is affordable to households at 80 percent (80%) or less of the Area Median Income (“AMI”), as established by HUD, unless the Grantee’s application stated an affordability standard lower than 80 percent (80%) of AMI, in which case the Grantee’s lower affordability standard shall apply. The affordability requirements of this section shall survive the expiration or termination of this Agreement.

2.16. Affirmative Fair Housing Marketing Plans. The Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements an affirmative fair housing marketing plan for all Project housing units (whether market rate or affordable). For the purposes of this section, “affirmative fair housing marketing plan” means an affirmative fair housing marketing plan that substantially conforms to affirmative fair housing marketing plans published by HUD. The affirmative fair housing marketing plan requirement under this section shall continue for the minimum affordability term specified in Section 2.15 and shall survive the expiration or termination of this Agreement.

LOCAL HOUSING INCENTIVES ACCOUNT

III. ACCOUNTING, AUDIT, AND REPORT REQUIREMENTS

3.01. Accounting and Records. The Grantee agrees to establish and maintain accurate and complete accounts and records relating to the receipt and expenditure of all grant funds received from the Council. Notwithstanding the expiration and termination provisions of Sections 4.01 and 4.02, such accounts and records shall be kept and maintained by the Grantee for a period of six (6) years following the completion of the Project activities described or identified in Attachment A or six (6) years following the expenditure of the grant funds, whichever occurs earlier. For all expenditures of grant funds received pursuant to this Agreement, the Grantee will keep proper financial records and other appropriate documentation sufficient to evidence the nature and expenditure of the dollar-for-dollar match funds required under Section 2.03. Accounting methods shall be in accordance with generally accepted accounting principles.

3.02. Audits. The above accounts and records of the Grantee shall be audited in the same manner as all other accounts and records of the Grantee are audited and may be audited or inspected on the Grantee's premises or otherwise by individuals or organizations designated and authorized by the Council at any time, following reasonable notification to the Grantee, for a period of six (6) years following the completion of the Project activities or six (6) years following the expenditure of the grant funds, whichever occurs earlier. Pursuant to Minnesota Statutes section 16C.05, subdivision 5, the books, records, documents and accounting procedures and practices of the Grantee that are relevant to this Agreement are subject to examination by the Council and either the Legislative Auditor or the State Auditor, as appropriate, for a minimum of six (6) years.

3.03. Reporting and Continuing Requirements. The Grantee will report to the Council on the status of the Project activities described or identified in Attachment A, the expenditures of the grant funds, and the source and expenditure of the dollar-for-dollar match funds required under Section 2.03. Submission of properly completed payment request forms (with proper documentation) required under Section 2.11 will constitute periodic status reports. The Grantee also must complete and submit to the Council a grant activity closeout report. The closeout report form must be submitted within 120 days after the expiration or termination of this Agreement, whichever occurs earlier. Within 120 days after the Expiration Date, the Grantee must complete and submit to the Council a certification of expenditures of funds form signed by the Grantee's chief financial officer or finance director. The Council will determine the form and content of the closeout report and certification form. These reporting requirements and the reporting requirements of Sections 2.06 and 2.07 shall survive the expiration or termination of this Agreement.

3.04. Environmental Site Assessment. The Grantee represents that a Phase I Environmental Site Assessment or other environmental review has been or will be carried out, if such environmental assessment or review is appropriate for the scope and nature of the Project activities funded by this grant, and that any environmental issues have been or will be adequately addressed.

LOCAL HOUSING INCENTIVES ACCOUNT

IV. AGREEMENT TERM

4.01. Term. This Agreement is effective upon execution of the Agreement by the Council. Unless terminated pursuant to Section 4.02, this Agreement expires on the Expiration Date identified at Page 1 of this Agreement. **ALL GRANT FUNDS NOT EXPENDED BY THE GRANTEE PRIOR TO THE EXPIRATION DATE SHALL REVERT TO THE COUNCIL.**

4.02. Termination. This Agreement may be terminated by the Council for cause at any time upon fourteen (14) calendar days' written notice to the Grantee. Cause shall mean a material breach of this Agreement and any amendments of this Agreement. If this Agreement is terminated prior to the Expiration Date, the Grantee shall receive payment on a pro rata basis for eligible Project activities described or identified in Attachment A that have been completed prior to the termination. Termination of this Agreement does not alter the Council's authority to recover grant funds on the basis of a later audit or other review, and does not alter the Grantee's obligation to return any grant funds due to the Council as a result of later audits or corrections. If the Council determines the Grantee has failed to comply with the terms and conditions of this Agreement and the applicable provisions of the Metropolitan Livable Communities Act, the Council may take any action to protect the Council's interests and may refuse to disburse additional grant funds and may require the Grantee to return all or part of the grant funds already disbursed.

4.03. Amendments and Extension. The Council and the Grantee may amend this Agreement by mutual agreement. Amendments or an extension of this Agreement shall be effective only on the execution of written amendments signed by authorized representatives of the Council and the Grantee. If the Grantee needs additional time within which to complete grant-funded activities and commence the Project, the Grantee must submit to the Council **AT LEAST NINETY (90) CALENDAR DAYS PRIOR TO THE EXPIRATION DATE**, a resolution of the Grantee's governing body requesting the extension and a written extension request. **THE EXPIRATION DATE MAY BE EXTENDED, BUT THE PERIOD OF ANY EXTENSION(S) SHALL NOT EXCEED TWO (2) YEARS BEYOND THE ORIGINAL EXPIRATION DATE IDENTIFIED AT PAGE 1 OF THIS AGREEMENT.**

V. GENERAL PROVISIONS

5.01. Equal Opportunity. The Grantee agrees it will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, membership or activity in a local civil rights commission, disability, sexual orientation or age and will take affirmative action to insure applicants and employees are treated equally with respect to all aspects of employment, rates of pay and other forms of compensation, and selection for training.

5.02. Conflict of Interest. The members, officers and employees of the Grantee shall comply with all applicable state statutory and regulatory conflict of interest laws and provisions.

LOCAL HOUSING INCENTIVES ACCOUNT

5.03. Liability. Subject to the limitations provided in Minnesota Statutes chapter 466, to the fullest extent permitted by law, the Grantee shall defend, indemnify and hold harmless the Council and its members, employees and agents from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the conduct or implementation of the Project activities funded by this grant, except to the extent the claims, damages, losses and expenses arise from the Council's own negligence. Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes chapter 115B, the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as amended, United States Code, Title 42, sections 9601 *et seq.*, and the federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, sections 6901 *et seq.* This obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which otherwise would exist between the Council and the Grantee. The provisions of this section shall survive the expiration or termination of this Agreement. This indemnification shall not be construed as a waiver on the part of either the Grantee or the Council of any immunities or limits on liability provided by Minnesota Statutes chapter 466, or other applicable state or federal law.

5.04. Acknowledgments and Signage. The Grantee will acknowledge the financial assistance provided by the Council in promotional materials, press releases, reports and publications relating to the Project. The acknowledgment will contain the following or comparable language:

*Financing for this project was provided by the Metropolitan Council
Metropolitan Livable Communities Fund.*

Until the Project is completed, the Grantee shall ensure the above acknowledgment language, or alternative language approved by the Council's authorized agent, is included on all signs (if any) located at Project or construction sites that identify Project funding partners or entities providing financial support for the Project. The acknowledgment and signage should refer to the "Metropolitan Council" (not "Met Council" or "Metro Council").

5.05. Permits, Bonds, and Approvals. The Council assumes no responsibility for obtaining any applicable local, state or federal licenses, permits, bonds, authorizations, or approvals necessary to perform or complete the Project activities described or identified in Attachment A. The Grantee and its developer(s), if any, must comply with all applicable licensing, permitting, bonding, authorization, and approval requirements of federal, state and local governmental and regulatory agencies, including conservation districts.

5.06. Subgrantees, Contractors and Subcontractors. The Grantee shall include in any subgrant, contract or subcontract for Project activities appropriate provisions to ensure subgrantee, contractor and subcontractor compliance with all applicable state and federal laws and this Agreement. Along with such provisions, the Grantee shall require that contractors and subcontractors performing work covered by this grant comply with all applicable state and federal Occupational Safety and Health Act regulations. The Grantee's subgrant agreement(s) shall expressly include the affordability and affirmative fair housing marketing plan requirements of Sections 2.15 and 2.16.

LOCAL HOUSING INCENTIVES ACCOUNT

5.07. Stormwater Discharge and Water Management Plan Requirements. If any grant funds are used for urban site redevelopment, the Grantee shall at such redevelopment site meet or require to be met all applicable requirements of:

- (a) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and
- (b) The Council's *2040 Water Resources Policy Plan* and the local water management plan for the jurisdiction within which the redevelopment site is located.

5.08. Authorized Agent. Payment request forms, written reports and correspondence submitted to the Council pursuant to this Agreement shall be directed to:

Metropolitan Council
Attn: LCA Grants Administration
390 Robert Street North
Saint Paul, Minnesota 55101-1805

5.09. Non-Assignment. Minnesota Statutes section 473.254, subdivision 6 requires the Council to distribute the grant funds to eligible "municipalities" or "development authorities" for projects in municipalities participating in the Local Housing Incentives Account program. Accordingly, this Agreement is not assignable and shall not be assigned by the Grantee.

5.10. Authorization to Reproduce Images. The Grantee certifies that the Grantee: (a) is the owner of any renderings, images, perspectives, sections, diagrams, photographs or other copyrightable materials (collectively, "copyrightable materials") that are in the Grantee's application or are submitted to the Council as part of the grant application review process or after grant award, or that the Grantee is fully authorized to grant permissions regarding the copyrightable materials; and (b) the copyrightable materials do not infringe upon the copyrights of others. The Grantee agrees the Council has a nonexclusive royalty-free license and all necessary permissions to reproduce and publish the copyrightable materials for noncommercial purposes, including but not limited to press releases, presentations, reports, and on the internet. The Grantee also agrees the Grantee will not hold the Council responsible for the unauthorized use of the copyrightable materials by third parties.

5.11. Warranty of Legal Capacity. The individuals signing this Agreement on behalf of the Grantee and on behalf of the Council represent and warrant on the Grantee's and the Council's behalf respectively that the individuals are duly authorized to execute this Agreement on the Grantee's and the Council's behalf respectively and that this Agreement constitutes the Grantee's and the Council's valid, binding, and enforceable agreements.

LOCAL HOUSING INCENTIVES ACCOUNT

IN WITNESS WHEREOF, the Grantee and the Council have caused this Agreement to be executed by their duly authorized representatives. This Agreement is effective on the date of final execution by the Council.

GRANTEE

METROPOLITAN COUNCIL

By: _____

By: _____

Title: _____

Beth Reetz, Director
Community Development Division

Date _____

Date _____

By: _____

Title: _____

Date _____

By: _____

Title: _____

Date _____

ATTACHMENT A

PROJECT SUMMARY

This attachment comprises this page and the succeeding page(s) which contain(s) a summary of the Project identified in the application for Local Housing Incentives Account grant funds submitted in response to a Request for Proposals issued by the Metropolitan Housing Implementation Group for the Funding Cycle identified at Page 1 of this Agreement. The summary reflects the proposed Project for which the Grantee was awarded grant funds by the Council Action, and may reflect changes in Project funding sources, changes in funding amounts, or minor changes in the proposed Project that occurred subsequent to application submission. The application is incorporated into this Agreement by reference and is made a part of this Agreement as follows. If the application or any provision in the application conflicts with or is inconsistent with the Council Action, other provisions of this Agreement, or the Project summary contained in this Attachment A, the terms, descriptions, and dollar amounts reflected in the Council Action or contained in this Agreement and the Project summary shall prevail. For the purposes of resolving conflicts or inconsistencies, the order of precedence is: (1) the Council Action; (2) this Agreement; (3) the Project summary; and (4) the grant application.

Project Summary

Grant # SG-21549
Type: Local Housing Incentives Account
Applicant City of Ramsey
Project Name Ramsey Apartments
Project Location 7562 146th Ave NW
Council District 9 – Edward Reynoso

Project Detail	
Development summary of project to commence by 12/31/2019	Ramsey Apartments is the new construction of 54 units within the Ramsey Downtown COR area within a half-mile of the North Star Ramsey Station. The project consists of a 3-story elevator building which includes four units serving those experiencing long-term homelessness. Metro HRA is recommending 15 project based vouchers for this project.
Total housing units	54
Affordable units	54 (4 units at 30% AMI, 50 units at 50% AMI)
Anticipated # bedrooms	6 – 1 BR 21 – 2 BR 21 – 3 BR 6 – 4 BR
Est. total development cost	\$13.3 million
Est. private funds leveraged	\$11.5 million
Est. other public funds	\$1.4 million
Funding	
LHIA Funding Match	Anoka County
Other LCA funding	None
Recommended Funding	
\$100,000	LHIA
\$992,951	MN Housing
Other Funding Sources	
\$8,460,068	Syndication proceeds
\$3,075,000	1 st mortgage
\$263,392	Sales Tax Rebate
\$200,000	Anoka County HOME
\$100	General Partner cash
\$13,091,511	Total Funding Sources

EXHIBIT B-1
NOTE
(LHIA Funds)

\$100,000.00

Minneapolis, Minnesota
_____, 2017

FOR VALUE RECEIVED, the undersigned (the “Borrower”), promises to pay to the order of the City of Ramsey, a Minnesota municipal corporation (the “Lender”), or its assigns, the sum of One Hundred Thousand and No/100 Dollars (\$100,000.00), without interest on the unpaid balance until paid. No interest will accrue on this loan. Said sum is made available to Borrower pursuant to the terms of a Loan Agreement dated of even date herewith (the “Loan Agreement”) between Lender and Borrower to enable Borrower to acquire and construct a 54-unit, affordable rental housing project located at 7562 146th Avenue NW, Ramsey, Minnesota (the “Project”).

The entire principal amount of this Note shall be due and payable on or before December 31, 2057; provided, however, that the entire outstanding balance will be immediately due and payable upon the occurrence of an Event of Default under Section 4.01 of the Mortgage.

Upon the occurrence of one of the events specified above (a “Default”), the Lender shall mail notice to the Borrower at the address listed in the Loan Agreement specifying: (1) the Default; (2) the action required to cure such Default; (3) a date not less than thirty (30) days from the date the notice is mailed to the Borrower by which date such Default must be cured; and (4) that failure to cure such Default within thirty (30) days after the notice (or, if the Default is not capable of being cured within thirty (30) days, then within such longer period, up to a maximum of one hundred eighty (180) days, as may be reasonably needed to cure the Default, provided the Borrower initiates corrective action within thirty (30) days after the notice and diligently, continually and in good faith works to effect a cure as soon as possible) may result in acceleration of the Loan.

This Note may be prepaid in whole or in part at any time without penalty or premium.

If suit is instituted by Lender, its successors or assigns, to recover on this Note, the Borrower agrees to pay all costs of collection, including reasonable attorney’s fees and costs.

This Note is secured by a Combination Mortgage Security Agreement and Fixture Financing Statement of even date herewith (the “Mortgage”) from Borrower in favor of Lender, duly filed for record in the office of the County Recorder and/or the Registrar of Titles in and for Anoka County in the State of Minnesota, and reference is made to the Mortgage for the rights of the Lender as to the acceleration of the indebtedness evidenced by this Note.

Except in the case of fraud or willful misconduct, no recourse shall be had for the payment of principal of, or interest on, this Note against the Borrower or any partner, legal representative, heir, estate, successor or assign of any thereof. The Lender agrees to look solely to the collateral given as security for the payment of this Note.

Demand, protest and notice of demand and protest are hereby waived, and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

The terms of the Rider to Loan Documents attached hereto, are made a part hereof, and in the event of any inconsistencies, the Rider to Loan Documents shall control.

IN FURTHERANCE WHEREOF, this Note has been duly executed by the undersigned, as of the day and year above first written.

BORROWER:

**RAMSEY STATION APARTMENTS LIMITED
PARTNERSHIP**

By: Aeon
Its: Managing General Partner

By: _____
Caroline Horton, Chief Financial Officer

[Signature page to Note]

RIDER TO LHIA LOAN DOCUMENTS

This RIDER TO LOAN DOCUMENTS is made and entered into this ____ day of _____, 2017, by and between the **CITY OF RAMSEY**, a Minnesota municipal corporation (“Lender”) and **RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP**, a Minnesota limited partnership (“Borrower”). For purposes of this Rider, the term “Limited Partner” shall mean Wells Fargo Affordable Housing Community Development Corporation and its successors and/or assigns.

WHEREAS, as of the date hereof, Borrower is executing and delivering to Lender certain documents, including without limitation, a Note (LHIA Funds), a Combination Mortgage, Security Agreement and Fixture Financing Statement (LHIA Funds)(“the “Mortgage”), a Loan Agreement, and all other documents (the “Loan Documents”), evidencing a loan in the amount of \$100,000 (the “Loan”) to be made from Lender to Borrower in connection with the construction of a low-income housing tax credit apartment complex located in Anoka County, Minnesota and known as Greenway Terrace (the “Project”).

WHEREAS, Lender and Borrower desire that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the Loan Documents, as set forth in this Rider.

NOW THEREFORE, in consideration of executing and delivering the Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the Loan Documents at the time of execution will be amended by the provisions of this Rider as follows:

1. **Removal and Replacement of General Partner and Property Manager.** Notwithstanding anything to the contrary contained in the Loan Documents, removal, transfer, replacement, or withdrawal in lieu of removal, of Borrower’s general partner(s) and property manager for cause in accordance with Borrower’s Amended and Restated Agreement of Limited Partnership (as amended from time to time, the “Partnership Agreement”) shall not constitute a default under the Loan Documents provided that the Limited Partner delivers prior written notice thereof to Lender and that the substituted general partner or property manager shall be reasonably acceptable to Lender. Upon the removal, transfer, replacement or withdrawal of the general partner, an affiliate of the Limited Partner may serve as the substitute general partner until such time as the Limited Partner and Lender each approve a successor general partner.
2. **Assignment of Limited Partner Interest.** Notwithstanding anything to the contrary contained in the Loan Documents, the interest of Borrower’s Limited Partner shall be freely transferable and any amendment to Borrower’s Partnership Agreement to effectuate such transfers shall not require Lender consent.
3. **Notice and Cure Rights.** Notwithstanding anything to the contrary contained in the Loan Documents, Lender hereby agrees that any cure of any default made or tendered by Borrower’s Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Lender agrees to send courtesy copies of all notices which are sent to Borrower under the terms of the Loan Documents to the Limited Partner at Wells Fargo Affordable Housing Community Development Corporation; MAC D 1053-170; 301 South College Street, 17th Floor, Charlotte, NC 28202-6000; Attention: Director of Asset Management; with a copy to: Winthrop & Weinstine, P.A., 225 South Sixth Street, Suite 3500, Minneapolis, MN 55402, Attn.: John Nolde.
4. **Extended Use Agreement.** The parties acknowledge that Borrower intends to enter into an extended use agreement with Lender, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not

otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement required by the Lender is recorded against the Project, Lender agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii). This section shall apply notwithstanding the order of recording of any of the Loan Documents and the Extended Use Agreement (as such term is defined in the Borrower's Partnership Agreement), executed in connection with the allocation of federal low income housing tax credits to the Borrower for the Project pursuant to Section 42 of the Code.

5. **Agreement to Standstill.** Lender acknowledges and agrees that the Loan Documents securing the Loan shall be subordinate to a bank loan secured by a first position mortgage on the property of the Project (the "Senior Loan"), which subordination shall be evidenced by a written, recorded subordination agreement in a form reasonably acceptable to Lender and to be executed by Lender. Notwithstanding anything in the Loan Documents to the contrary, if an event of default, failure, or violation occurs under the Loan Documents, and is continuing beyond any applicable cure periods, Lender agrees that, without the prior written consent of the then applicable Senior Loan lender (the "Senior Lender"), it will not accelerate the loan, commence foreclosure proceedings on the property or any other collateral for the loan, collect rents, appoint, or seek the appointment of, a receiver or institute any other collection or enforcement action.

6. **Damage, Destruction and Condemnation.** Notwithstanding anything to the contrary contained in any Loan Document, Lender agrees to apply all insurance proceeds resulting from casualty or damage of the Property and all payments or awards resulting from a taking, for any public or quasi-public purpose by any lawful power or authority by exercise of the power of condemnations or eminent domain, toward the restoration, replacement or rebuilding of the Project, or any part thereof, as nearly as possible to its value, condition and operational character immediately prior to any such damage, destruction or taking ("Restoration"), provided sufficient funds are available from all sources to complete such Restoration.

7. **Debt Service Coverage Requirements.** So long as Borrower is current on all debt service payments payable under the Loan, the failure to meet any debt service coverage requirements at any time or times shall not constitute a default under the Loan.

8. **Force Majeure.** There shall be no default under the Loan Documents for construction or rehabilitation delays beyond the reasonable control of the Borrower.

9. **Purchase Rights.** The Lender consents to those purchase options, put rights and rights of first refusal in favor of the general partner of Borrower or its designee which are set forth in Borrower's Partnership Agreement, and agrees that transfer of title to the Project in accordance therewith shall not constitute a default under the Loan Documents.

10. **Lender Approvals.** Lender agrees that all approvals and consents of the Lender under the Loan Documents shall not be unreasonably withheld, delayed or conditioned. Further, amendments to Borrower's Partnership Agreement entered into in order to effect transfers or assignments of the Limited Partner's interest pursuant to Sections 2 and 9 above shall not require the consent or approval of the Lender; provided, written notice of the foregoing transfers are promptly provided to the Lender.

11. **Third Party Beneficiary.** Borrower's Limited Partner, and its successors and assigns, is a third party beneficiary of the rights of Borrower under the Loan Documents, as modified by this Rider and has the right to directly enforce such rights.

12. **Inconsistency.** In the event of any inconsistency or conflict between the covenants, terms and conditions of any of the Loan Documents and this Rider, the covenants, terms and conditions of this Rider shall control.

13. **Survival.** Except to the extent expressly modified, supplemented or amended in this Rider, the Loan Documents remain in full force and effect.

14. **Counterparts.** This Rider may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument. The production of any executed counterpart of this Rider shall be sufficient for all purposes without producing any other counterpart thereof.

15. **Non-recourse.** Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and Borrower's general and limited partners and the Lender's sole recourse with respect to repayment of the Loan shall be the right to foreclose under the Mortgage and other collateral forming part of the Loan Documents.

EXHIBIT B-2

Exempt from
Mortgage Registry Tax
Pursuant to Minnesota Statutes § 287.04(f)

**COMBINATION MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FINANCING STATEMENT
(LHIA Funds)**

BY

RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP

IN FAVOR OF

CITY OF RAMSEY

Dated as of: _____, 2017

**Relating to:
(Greenway Terrace)**

**COMBINATION MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FINANCING STATEMENT
(LHIA FUNDS)**

This COMBINATION MORTGAGE, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT dated as of the ____ day of _____, 2017 (the “Mortgage”), is given by **Ramsey Station Apartments Limited Partnership**, a Minnesota limited partnership (hereinafter referred to as the “Mortgagor”), to the **City of Ramsey**, a Minnesota municipal corporation, its successors or assigns (the “Mortgagee”).

The Mortgagee and the Mortgagor have entered into a Loan Agreement, dated as of the date hereof (the “Loan Agreement”) with respect to Greenway Terrace (the “Project”) described therein. Pursuant to the Loan Agreement, the Mortgagee has agreed to lend a principal amount of \$100,000 (the “Loan”).

The Mortgagee requires that the Mortgagor secure advances under the Loan by a Note of even date herewith (the “Note”) and this Mortgage.

Therefore, in consideration of the Loan, the Mortgagor hereby mortgages, grants, bargains, sells, assigns, transfers, and conveys unto the Mortgagee forever all of Mortgagor’s right, title and interest in the tracts or parcels of land (hereinafter called the “Land”), located in Anoka County, Minnesota, and described in **Exhibit A** attached hereto and incorporated herein by reference, together with (i) all of the buildings, structures, and other improvements now standing or at any time hereafter constructed or placed upon the Land; (ii) all lighting, heating, ventilating, air-conditioning, sprinkling and plumbing fixtures, water and power systems, engines and machinery, boilers, furnaces, oil burners, elevators and motors, communication systems, dynamos, transformers, electrical equipment, pollution control equipment, and all other fixtures of every description located in or on, or used, or intended to be used in connection with the Land or any building now or hereafter located thereon and owned by the Mortgagor; (iii) all hereditaments, easements, appurtenances, riparian rights, rents, issues, profits, condemnation awards, mineral rights, water rights, and contract rights (including contract rights pertaining to performance bonds, fidelity bonds, or insurance contracts) now or hereafter belonging or in any way pertaining to the Land or to any building now or hereafter located thereon and all the estate, right and interest of the Mortgagor in the Land if any; (iv) all building materials, furniture, furnishings, maintenance and repair equipment, and all other personal property now or hereafter located in, or on, or used, or intended to be used in connection with the Land or any building now or hereafter located thereon and all replacements, additions, accessions, or proceeds thereto owned by the Mortgagor; (v) after-acquired property with respect to the foregoing; and (vi) all proceeds and products of the foregoing (all of the foregoing are hereinafter referred to as the “Mortgaged Property”) to satisfy Mortgagor’s repayment obligation under the Loan Agreement, and the cost, including reasonable attorney’s fees, of collecting the same.

To Have and To Hold the Mortgaged Property unto the Mortgagee forever; provided, nevertheless, that this Mortgage is upon the express condition that if the Mortgagor shall, pursuant to the Loan Agreement and the Note, pay to the Mortgagee as and when due and

payable the principal of and interest on the Loan made to the Mortgagor pursuant to the terms of the Loan Agreement and the Note, and shall also pay all other sums, with interest thereon, as may be advanced by Mortgagee in accordance with this Mortgage, and shall also keep and perform each and every covenant and agreement of Mortgagor herein contained, or contained in the Loan Agreement and the Note, then this Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of the Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

The Mortgagor represents, warrants, and covenants to and with the Mortgagee that it is the fee simple owner of the Mortgaged Property and that it has good right and full power and authority under all applicable provisions of law to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgaged Property is free from all liens, security interests, and encumbrances except as listed in **Exhibit B** attached hereto and incorporated herein by reference; that the Mortgagor will warrant and defend the title to the Mortgaged Property and the lien and priority of this Mortgage to the extent of its interest against all claims and demands of all persons whomsoever, whether now existing or hereafter arising, not listed in **Exhibit B**; and that all buildings and improvements now or hereafter located on the Land are or will be located entirely within the boundaries of the Land. The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the land.

The Mortgagor further covenants and agrees as follows:

ARTICLE ONE MORTGAGOR'S COVENANTS

Section 1.01. Payment of the Loan. The Mortgagor will duly and punctually pay the Loan in accordance with the terms of the Loan Agreement and the Note. The Loan is due and payable on December 31, 2057.

Section 1.02. Application of Payments. All payments received by Mortgagee from Mortgagor with respect to the Loan under the Loan Agreement or this Mortgage shall, until an event of default under the Loan Agreement or foreclosure of this Mortgage, be applied by Mortgagee in the following order or priority: (a) interest payable on advances made pursuant to Section 3.03 hereof; (b) principal of advances made pursuant to Section 3.03 hereof; (c) any other sums secured by this Mortgage not listed in this section, in such order of application as Mortgagee may determine; (d) interest payable on the obligations of the Mortgagor pursuant to the Loan as provided in the Loan Agreement and the Note; (e) principal due on the obligations of the Mortgagor pursuant to the Loan as provided in the Loan Agreement and the Note.

Section 1.03. Payment of Taxes, Assessments and Other Charges.

- (a) Subject to Section 1.07 relating to contests, the Mortgagor shall pay before penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed or placed against the Mortgaged Property, except that assessments may be paid in installments so long as no fine or penalty is added to any installment for the nonpayment thereof. Mortgagor shall likewise pay any and all governmental levies or assessments such as

maintenance charges, owner association dues, charges, or fees, levies or charges resulting from covenants, conditions, and restrictions affecting the Mortgaged Property, which are assessed or imposed upon the Mortgaged Property or any part thereof or become due and payable, and which create, may create, or appear to create a lien upon the Mortgaged Property, or any part thereof. Mortgagor shall likewise pay all taxes, assessments, and other charges, levied upon or assessed, placed, or made against, or measured by, this Mortgage, or the recordation hereof, or the indebtedness secured hereby, provided that the Mortgagor shall not be obliged to pay such tax, assessment, or charge if such payment would be contrary to law or would result in the payment of an unlawful rate of interest on the indebtedness secured hereby; and provided further that nothing herein contained shall be construed as requiring Mortgagor to pay any net income, profits, or revenue taxes of Mortgagee. Mortgagor shall promptly furnish to the Mortgagee all notices received by the Mortgagor of amounts due under this paragraph and in the event Mortgagor shall make payment directly, Mortgagor shall promptly furnish to Mortgagee receipts evidencing such payments.

- (b) In the event the Mortgagor fails to comply with the terms of Section 1.03(a) or an “Event of Default” under the Loan Agreement has occurred that has not been cured within the applicable cure period, then at the written direction of the Mortgagee the Mortgagor shall, on or before the first day of each month, remit to the Mortgagee the amount necessary to pay any delinquent real estate taxes and installments of special assessments, and thereafter remit to the Mortgagee on the first day of each month an amount of money equal to one-twelfth of the real estate taxes and installments of special assessments next due and payable, plus, with and in addition to the first such monthly payment any additional amount which, together with monthly payments thereafter to be paid, will be sufficient to pay such real estate taxes and installments of special assessments in full as they become due. Such amounts shall be deposited in an interest-bearing account and all interest shall be applied to satisfy the amounts required to be so deposited.

Section 1.04. Payment of Utility Charges. Subject to Section 1.07 relating to contests, the Mortgagor shall pay or cause to be paid all charges made by utility companies, whether public or private, for electricity, gas, heat, water, sewer, or other utilities furnished or used in connection with the Mortgaged Property or any part thereof, and will, upon written request of Mortgagee, furnish proper receipts evidencing such payment.

Section 1.05. Liens. Subject to Section 1.07 and to Section 3.06 hereof relating to contests, the Mortgagor shall not create, incur, or suffer to exist any lien, encumbrance, or charge on the Mortgaged Property or any part thereof, whether junior or prior to the lien of this Mortgage, other than (i) those set forth on Exhibit B hereto, (ii) the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable; and (iii) those consented to by Mortgagee.

Section 1.06. Compliance with Laws. Subject to Section 1.07 relating to contests, Mortgagor shall comply with all present and future statutes, laws, rules, orders, regulations, ordinances, and agreements affecting the Mortgaged Property, any part thereof or the use thereof.

Section 1.07. Permitted Contests. Except for the monthly escrows of real estate taxes and special assessments required in Section 1.03(b), the Mortgagor shall not be required to pay any tax, assessment, or other charge referred to in Section 1.03 hereof, pay any charge referred to in Section 1.04 hereof, discharge or remove any lien, encumbrance or charge referred to in Section 1.05 hereof, or comply with any statute, law, rule, regulation or ordinance referred to in Section 1.06 hereof, so long as Mortgagor shall contest, in good faith, the existence, amount, or validity thereof, the amount of damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, assessment, charge or lien, encumbrance or charge so contested, the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and any interference with the use or occupancy of the Mortgaged Property or any part thereof. Mortgagor shall give prompt written notice to Mortgagee of the commencement of any contest referred to in this Section 1.07. Prior to such contest, the Mortgagor shall provide to the Mortgagee or the title company a bond or other security reasonably satisfactory to the Mortgagee securing the payment of any such contested amount.

ARTICLE TWO INSURANCE

Section 2.01. Insurance. The Mortgagor, at its sole cost and expense, will maintain or cause to be maintained continuously in effect with respect to the Mortgaged Property policies of insurance against such risks and in such amounts as are customary for a prudent owner of property comparable to those comprising the Mortgaged Property. Without limiting the generality of the foregoing provision, the Mortgagor shall maintain, or cause to be maintained, insurance of the following character to the extent available:

- (a) Following completion of construction or rehabilitation, insurance on the buildings and other improvements now existing or hereafter erected on the Land and on the fixtures and personal property included in the Mortgaged Property against loss by fire, and other hazards covered by the so-called "all-risk" form of policy with no co-insurance clause in an amount equal to the actual replacement cost thereof (exclusive of foundations and excavations) without deduction for physical depreciation. Commencing with the date hereof and while any building or other improvement is in the course of being constructed or rebuilt on the Land, the Mortgagor shall provide the aforesaid hazard insurance in builder's risk completed value form, including coverage available on the so-called "all-risk" non-reporting form of policy for an amount equal to 100% of the insurable replacement value of such building or other improvement. Insurance obtained pursuant to this Section 2.01(a) shall contain both "agreed amount" and "inflation guard" endorsements.
- (b) If the Mortgaged Property includes steam boilers or other equipment for the generation or transmission of steam, insurance against loss or damage by explosion, rupture or bursting of steam boilers, pipes, turbines, engines and other pressure vessels and equipment, in customary amounts for similar enterprises.

- (c) If the Land or any part thereof is located in a designated official flood-hazardous area, flood insurance insuring the buildings and improvements now existing or hereafter erected on the Land in an amount equal to the lesser of the principal balance of the indebtedness or the maximum limit of coverage made available with respect to such buildings and improvements under the Federal Flood Disaster Protection Act of 1973, as amended, and the regulations issued thereunder.
- (d) Commercial general liability insurance protecting against claims arising from any accident or occurrence in or upon the Mortgaged Property in an amount of \$2,000,000 for the death of or personal injury to any one person, \$2,000,000 for personal injury or death for each occurrence, and \$2,000,000 for property damage for each occurrence.
- (e) Worker's compensation insurance with statutory coverages covering all persons engaged in the construction or installation of the Project.

Section 2.02. Policy Provisions. All insurance policies and renewals thereof maintained by Mortgagor pursuant to Section 2.01(a) through (d) above shall be written by a company or companies having a Best's rating of A- or better, evidence of which shall be provided to Mortgagee, and shall contain a standard mortgage clause in favor of Mortgagee, reciting Mortgagee's interest as that of a mortgagee, contain an agreement of the insurer that it will not cancel the policy or modify it materially and adversely to the interest of the Mortgagee except after at least thirty (30) days prior written notice to Mortgagee, and be reasonably satisfactory to Mortgagee in all other respects. At least annually, Mortgagor shall provide Mortgagee with a certificate of Mortgagor stating that the Mortgagor has obtained insurance policies that meet all of the requirements set forth in this Mortgage.

Section 2.03. Delivery of Policy. At the written request of Mortgagee, Mortgagor will deliver to Mortgagee copies of all insurance policies required under Section 2.01. At least thirty (30) days prior to the expiration date of a required policy, Mortgagor shall deliver to Mortgagee a renewal certificate.

Section 2.04. Assignment of Policy. If the Mortgaged Property is sold at a foreclosure sale or if Mortgagee shall acquire title to the Mortgaged Property, the Mortgagee shall have all of the right, title, and interest of Mortgagor in and to any insurance policies required under Section 2.01(a) through (c) hereof and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

Section 2.05. Notice of Damage or Destruction; Adjusting Loss. If the Mortgaged Property or any part thereof shall be damaged or destroyed by fire or other casualty, Mortgagor will promptly give written notice thereof to the insurance carrier and Mortgagee and, subject to the rights of any senior lienholder, the Mortgagor will not adjust any damage or loss which is estimated by Mortgagee in good faith to exceed \$5,000 unless Mortgagee shall have joined in such adjustment; but if there has been no adjustment of any such damage or loss within three months from the date of occurrence thereof or if an Event of Default shall exist, Mortgagee may alone, make proof of loss, adjust and compromise any claim under the policies and appear in and prosecute any action arising from such policies. In connection therewith, Mortgagor hereby

irrevocably authorizes, empowers and appoints Mortgagee as attorney-in-fact for Mortgagor (which appointment is coupled with an interest) to do any and all of the foregoing in the name and on behalf of Mortgagor, and any insurer may conclusively rely upon a statement from the Mortgagee that it is entitled to adjust or compromise an insurance claim without participation of the Mortgagor.

Section 2.06. Application of Insurance Proceeds. Subject to the provisions of Section 3.08 hereof, the Rider to Loan Documents attached hereto, and the provisions of prior Permitted Encumbrances as listed on Exhibit B attached hereto, all sums paid under any insurance policy required in Section 2.01(a) through (c) shall be paid to the Mortgagee and any other required co-payee, and the Mortgagee may, at its sole and absolute discretion regardless of the adequacy of its security, apply the same (after first deducting therefrom Mortgagee's expenses in collecting the same and in paying out such proceeds, including but not limited to reasonable attorneys' fees) to the payment of the restoration, repair, replacement or rebuilding of the Mortgaged Property or to the reduction of the indebtedness, whether or not then due and in any order of priority. Any such application of insurance proceeds to the principal of the Loan shall not extend or postpone the due dates of any payments under the Loan. In the event that the Mortgagee shall apply the proceeds of such insurance to the principal of the Loan, the Mortgagor shall have the right (notwithstanding anything in the Loan to the contrary) to prepay the Loan in whole within 180 days from the initial application of such insurance proceeds, without premium or penalty.

Section 2.07. Reimbursement of Mortgagee's Expenses. Mortgagor shall promptly reimburse Mortgagee upon demand for all of Mortgagee's expenses incurred in connection with the collection of the insurance proceeds and all such expenses, together with interest from the date thirty (30) days following written demand for such reimbursement at the rate of one percent (1.00%) per annum in excess of the "reference rate" publicly announced from time to time by U.S. Bank National Association (unless collection of interest from Mortgagor at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law) shall be additional indebtedness secured by this Mortgage.

Section 2.08. Insurance Escrow. In the event Mortgagor fails to comply with the terms of Section 2.01 or an "Event of Default" under the Loan Agreement has occurred, then at the written direction of the Mortgagee, the Mortgagor shall, on or before the first day of each month, remit to the Mortgagee an amount of money equal to one-twelfth of the insurance premiums next due for all insurance premiums with respect to insurance required to be maintained by the terms of this Mortgage, plus, with and in addition to the first such monthly payment, an additional amount which, together with monthly payments thereafter to be paid, will be sufficient to pay such insurance premiums in full as they become due. Such amounts shall be deposited in an interest-bearing account and all interest shall be applied to satisfy the amounts required to be so deposited.

ARTICLE THREE MORTGAGED PROPERTY

Section 3.01. Preservation and Maintenance of Mortgaged Property. Mortgagor (a) shall keep the buildings and other improvements now or hereafter erected on the Land in safe and good repair and condition, ordinary depreciation excepted; (b) shall, upon damage to or destruction of the Mortgaged Property or any part thereof by fire or other casualty, restore, repair, replace, or rebuild the Mortgaged Property that is damaged or destroyed to the condition it was in immediately prior to such damage or destruction, whether or not any insurance proceeds are available or sufficient for such purpose; (c) shall maintain the parking and landscaped areas of the Mortgaged Property; (d) shall not commit waste or permit impairment or deterioration of the Mortgaged Property; (e) shall not remove from the Land any of the fixtures properly included in the Mortgaged Property unless the same is promptly replaced with property of at least equal value and utility, and this Mortgage becomes a valid lien on such property; (f) shall generally operate and maintain the Mortgaged Property in a manner to insure rents are not below reasonable rates for the area and the type of tenant occupying the Mortgaged Property; and (g) shall not alter or permit the alteration by any tenant of the design or structural character of any building now or hereafter erected on the Land or hereafter construct, or permit any tenant to construct, additions to existing buildings or additional buildings on the Land without the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld.

Section 3.02. Inspection. The Mortgagee, or its agents, shall have the right, at all reasonable times but not more frequently than twice annually, upon prior written notice, to enter upon the Mortgaged Property for the purposes inspecting the Mortgaged Property or any part thereof. The Mortgagee shall, however, have no duty to make such inspection.

Section 3.03. Protection of Mortgagee's Security. If the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage after receipt of notice thereof from the Mortgagee and fails to cure within sixty (60) days, or if any action or proceeding is commenced which materially and adversely affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at Mortgagee's option, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) to enter upon the Mortgaged Property as the Mortgagor's agent in its name to perform any and all covenants and agreements to be performed by the Mortgagor as herein provided after an uncured Event of Default. Any amounts or expenses disbursed or incurred by the Mortgagee pursuant to this Section 3.03, with interest thereon at a rate of one percent (1.00%) per annum in excess of the "reference rate" publicly announced from time to time by U.S. Bank National Association shall become additional indebtedness of the Mortgagor secured by this Mortgage. Unless Mortgagor and Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable, and shall bear interest from the date ten (10) days following written demand for such amounts at the rate of one percent (1.00%) per annum in excess of the "reference rate" publicly announced from time to time by US Bank National Association unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may

be collected from Mortgagor under applicable law. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this Section 3.03 shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this Section 3.03.

Section 3.04. Condemnation. Subject to the provisions of Section 3.08, the Rider to the Loan Documents attached hereto, and the provisions of prior Permitted Encumbrances listed in Exhibit B attached hereto, Mortgagor hereby irrevocably assigns to the Mortgagee any award or payment (but not in excess of the indebtedness) which becomes payable by reason of any taking of the Mortgaged Property, or any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings or by reason of sale under threat thereof (hereinafter called "Taking"). Forthwith upon receipt by Mortgagor of notice of the institution of any proceeding or negotiations for a Taking, Mortgagor shall give notice thereof to Mortgagee. Mortgagee may appear in any such proceedings and participate in any such negotiations and may be represented by counsel. Mortgagor, notwithstanding that Mortgagee may not be a party to any such proceeding, will promptly give to Mortgagee copies of all notices, pleadings, judgments, determinations, and other papers received by Mortgagor therein. Mortgagor will not enter into any agreement permitting or consenting to the taking of the Mortgaged Property, or any part thereof, or providing for the conveyance thereof in lieu of condemnation, with anyone authorized to acquire the same in condemnation or by eminent domain unless Mortgagee shall first have consented thereto in writing, which consent will not be unreasonably withheld, conditioned or delayed. Subject to the rights of other senior lien holders, all compensation payable to Mortgagor as a result of a taking (a "Taking Award") shall be adjusted jointly by Mortgagor and Mortgagee except that at any time while an Event of Default exists, Mortgagee may alone adjust any Taking Award and the Taking authority may conclusively rely upon Mortgagee's statement that it is entitled to do so in such situation.

- (a) All Taking Awards payable as a result of a Taking shall be paid to Mortgagee which may, at its sole and absolute discretion, regardless of the adequacy of its security, apply them, after first deducting Mortgagee's expenses incurred in the collection thereof, to the payment of the indebtedness, whether or not due and in such order of application as Mortgagee may determine, or to the repair or restoration of the Mortgaged Property, in such manner as Mortgagee may determine. Any application of Taking Awards to principal of the Loan shall not extend or postpone the due dates of the monthly installments payable under the Loan. Any amount of a Taking Award remaining after the application set out above shall be paid to Mortgagor.
- (b) Subject to the provisions of Section 3.08 hereof, if the Taking involves a taking, in whole or in part, of any building or other improvement now or hereafter located on the Land, Mortgagor shall proceed, with reasonable diligence, to demolish and

remove any ruins and complete repair or restoration of the Mortgaged Property as nearly as possible to its respective size, type and character immediately prior to the Taking, whether or not the condemnation awards are available or adequate to complete such repair or restoration; provided, however, that if Mortgagee shall apply the condemnation award to payment of the indebtedness, Mortgagor shall have the option, in lieu of completing such repair or restoration, to pay in full the Loan and all other indebtedness without payment of a premium or penalty. Mortgagor shall promptly reimburse Mortgagee upon demand for all of Mortgagee's expenses (including reasonable attorney's fees) incurred in the collection of awards and their disbursement in accordance with this Section 3.04, and all such expenses, together with interest from Mortgagor at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law), shall be additional amounts secured by this Mortgage.

Section 3.05. Financial Statements and Other Information; Books and Records.

Mortgagor will prepare or cause to be prepared at its expense and deliver to Mortgagee (in such number as may reasonably be requested):

- (a) As soon as practicable after the end of each calendar year, and in any event within one hundred twenty (120) days thereafter, a statement of the income from and expenses incurred with respect to the Mortgaged Property for such year, compiled or reviewed by an independent certified public accountant, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by a certificate of the Mortgagor that each such statement is true and correct.
- (b) Immediately upon becoming aware of the existence of any condition or event which constitutes, or which after notice or lapse of time or both would constitute, an Event of Default, written notice specifying the nature and period of existence thereof and what action Mortgagor has taken, is taking, or proposes to take with respect thereto.
- (c) Promptly upon request, a then current rent schedule for the Mortgaged Property, certified by Mortgagor, showing the name of each tenant, if any, and for each tenant, the space occupied, the lease expiration date, the rent payable, and the rent paid.

Mortgagor shall keep and maintain at all times at Mortgagor's address stated below or at such other place as Mortgagee may approve in writing, complete and accurate books of accounts and records in sufficient detail to reflect correctly the results of the operation of the Mortgaged Property and copies of all written contracts, leases, and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases, and other instruments shall be subject to reasonable examination and inspection by the Mortgagee or its representative during ordinary business hours. If the Mortgagor fails to provide the operating statements specified in

subparagraph (a) above, the Mortgagee shall have the right to audit the Mortgagor's books and records at the Mortgagor's expense.

Section 3.06. Sale of Mortgaged Property.

- (a) The Mortgaged Property may not be assigned, sold or encumbered, as a whole or in part, by Mortgagor without the consent of the Mortgagee except as provided in the Loan Agreement or the Permitted Encumbrances.
- (b) Notwithstanding anything in this Section 3.06 to the contrary, leases of the residential apartment units or commercial space to tenants of the Project in the ordinary course of business (subject to the provisions of the Loan Agreement) are hereby approved by the Mortgagee.

Section 3.07. Management. The Mortgagor agrees that Mortgagee shall have and reserves the right to require Mortgagor to install new professional management of the Mortgaged Property at any time that an Event of Default has occurred hereunder that has not been cured after notice and within the applicable cure period. Such new management shall be at the sole discretion of the Mortgagee. Nothing herein shall obligate the Mortgagee to exercise its right to require Mortgagor to install professional management. The cost of such management shall be borne by Mortgagor and shall be treated as part of the Loan. Upon the curing of said Event of Default, if, in the reasonable exercise of the Mortgagee's discretion, the Mortgagee determines that professional management of the Mortgaged Property is no longer necessary, the Mortgagee shall discharge the professional management.

Section 3.08. Taking, Casualty, Special Provisions. Subject in all events to the provisions of the Rider to Loan Documents attached hereto and provisions to the contrary contained in Sections 2.06 and 3.04 of this Mortgage notwithstanding, in the event that all or any part of the Mortgaged Property are taken by eminent domain, or destroyed, or damaged, Mortgagor shall proceed promptly to replace, repair, rebuild and restore the Mortgaged Property to substantially the same condition as existed before the taking or the event causing the damage or destruction, with such suitable changes, alterations and modifications (including substitution or addition of other property) as may be required and approved by Mortgagee. In such event Mortgagor shall have the right, exercisable within 90 days after the proceeds become available, to use the proceeds of any insurance or condemnation award to the extent necessary to repair, restore or replace the Mortgaged Property to the condition hereinabove described, provided that in Mortgagee's reasonable opinion, all of the following conditions have been met:

- (a) there is not existing Event of Default by Mortgagor under this Mortgage; and
- (b) there is a sufficient sum available to complete the repair, restoration or replacement, which sum can be composed of a combination of any of the following items: (1) insurance or condemnation proceeds available to Mortgagor and Mortgagee; (2) cash provided by Mortgagor with such amounts deposited with a title insurance company legally authorized to do business in the State of Minnesota pursuant to written agreements in form and substance reasonably acceptable to Mortgagee only if the cost of the work as estimated by the

Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00); and

- (c) if the work is structural, or if the cost of the work as estimated by the Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), plans and specifications for such work will be prepared by a licensed architect reasonably satisfactory to Mortgagee which plans and specifications will be subject to approval by Mortgagee, and which approval as to architect, plans and specifications will not be withheld unreasonably; and
- (d) Mortgagor submits the following items to Mortgagee for its approval, which approval will not be withheld, conditioned or delayed unreasonably: (1) evidence of sufficient contractor's commercial general liability insurance, builder's risk insurance and workmen's compensation insurance, insuring Mortgagor and Mortgagee, as their interests may appear, all issued by insurance companies legally authorized to do business in the State of Minnesota; (2) if the cost of the work as estimated by the Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), performance and payment bond(s) issued by an insurance company legally authorized to do business in the State of Minnesota, reasonably satisfactory to Mortgagee and naming Mortgagee, and Mortgagor as co-obligees thereon; (3) a project cost certificate itemizing the cost of the work; (4) if the cost of the work as estimated by the Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), a guaranteed-maximum-cost construction contract for performance of the work, executed by an acceptable contractor; (5) if the cost of the work as estimated by the Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), a guaranteed-maximum-cost architectural contract; and (6) if applicable, assignments of (4) and (5) above in favor of Mortgagee, and signed by the contractor and architect approved by the Mortgagee; and
- (e) If the cost of the work as estimated by the Mortgagee shall exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), Mortgagor, Mortgagee and the title insurance company shall have entered into an agreement in form and substance reasonably acceptable to Mortgagee whereby all payments to be made by such title insurance company will be based upon lien waivers and completion certificates reasonably satisfactory to such title insurance company to insure that sufficient funds will be available to complete the restoration of the property, and to insure that Mortgagee will continue to have full title insurance including, without limitation, mechanic's lien insurance, during and after the construction period.

In the event that all of the foregoing conditions are met within 90 days after said availability of proceeds, the Mortgagee shall make its share of the insurance or condemnation proceeds (not in excess of the amount required for repair, restoration and replacement of the property) available to, as applicable, Mortgagor or the title insurance company set forth in paragraph (b) above. Said funds shall first be applied toward repair and restoration of the portion of the Mortgaged Property not taken by any condemnation, and may then be used for the purchase of additional

adjacent property, if needed, to replace land taken by any condemnation so long as the restored and replacement property will have an economic value in Mortgagee's sole discretion and opinion, at least equal to the value of the Mortgaged Property prior to any damage and/or condemnation. Any remaining insurance or condemnation proceeds, irrespective of whether or not such proceeds are made available to the title insurance company in accordance with the foregoing, shall be applied, without prepayment penalty, in the manner provided in Section 2.06 hereof insofar as said funds represent insurance proceeds, and Section 3.04 hereof insofar as said funds represent Taking Awards.

The Mortgagor shall not, by reason of the payment of any costs of repair, rebuilding, replacement or restoration, be entitled to any abatement or diminution of any payments due or coming due under the Note and Loan Agreement.

All buildings and improvements acquired in the repair, rebuilding, replacement or restoration of the Mortgaged Property, together with any interests in land acquired as necessary for such restoration, shall be made a part of the Mortgaged Property, and secured by this Mortgage, and any loan or security document collateral hereto, all of which shall be amended to the extent reasonably required by Mortgagee; provided that no land, interest in land, buildings or improvements shall be acquired subject to any lien or encumbrance, other than liens and encumbrances approved in writing by Mortgagee.

In the event of a loss by condemnation or fire or other casualty covered by insurance, if Mortgagor does not exercise its rights to have the proceeds of said insurance or condemnation award made available for repair, restoration or replacement, the proceeds of the condemnation award or insurance claim held by the Mortgagee shall be applied in the manner provided in Sections 2.06 and 3.04 of this Mortgage.

Section 3.09. Hazardous Substances. Mortgagor covenants, warrants and represents to the Mortgagee, its successors and assigns, that except as previously disclosed to Mortgagee in certain environmental reports provided by Mortgagor, (i) that except as permitted by law, including all applicable statutes, regulations, and rulings, it has not used or permitted and will not use or permit the Project to be used, whether directly or through contractors, agents or tenants, and to the best of the Mortgagor's knowledge and except as disclosed to the Mortgagee in writing, for the generating, transporting, treating, storage, manufacture, emission of, or disposal of any dangerous, toxic or hazardous pollutants, chemical wastes or substances as defined in the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), or the Federal Resource Conservation and Recovery Act of 1976 ("FRCRA"), or the Minnesota Environmental Response Liability Act, Minnesota Statutes, Chapter 115A ("MERLA"), or any other federal, state or local environmental laws, statutes, regulations, requirements and ordinances ("Hazardous Materials"); (ii) that there have been no investigations or reports citing the Mortgagor or its operations as violating the foregoing by any governmental authority which in any way pertain to Hazardous Materials; (iii) that to the best of Mortgagor's knowledge, the Mortgaged Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites nor any other list, schedule, log, inventory or record of Hazardous Materials or hazardous waste sites, whether maintained by the United States Government or any other state or local agency; (iv) that the operation of the

Mortgaged Property will not violate any federal, state or local law, regulation, ordinance or requirement governing Hazardous Materials; (v) that to the best of Mortgagor's knowledge, the Mortgaged Property does not contain any formaldehyde, urea-formaldehyde, or asbestos, except as may have been disclosed in writing to the Mortgagee by the Mortgagor at the time of execution and delivery of this Mortgage; and (vi) that at its expense it will take, or cause to be taken, any and all actions required to investigate, remedy, correct, or modify any adverse or potentially adverse environmental conditions at the Mortgaged Property which the so-called "Phase I" environmental report discloses exist, or which is otherwise disclosed to exist.

In addition to the foregoing, the Mortgagor shall not install or maintain, or permit the installation or maintenance of any above-ground storage tanks for the storage of petroleum, petroleum byproducts, or other Hazardous Materials in, about, or under the Mortgaged Property unless (i) the Mortgagor has obtained the prior consent of the Mortgagee for such installation and maintenance, and (ii) the Mortgagor installs and maintains each such storage tank in compliance with all applicable Federal, State and local laws, including the Minnesota Petroleum Tank Release Cleanup Act, Minnesota Statutes, Chapter 115C, as amended.

The Mortgagor agrees to indemnify and reimburse the Mortgagee, its successors and assigns, for any breach of these representations and warranties and from loss, damage, expense or cost arising out of or incurred by the Mortgagee which is a result of a breach, misstatement of or misrepresentation of the above covenants, representations and warranties, together with all reasonable attorneys' fees incurred in connection with the defense of any action against the Mortgagee arising out of the above. These covenants, representations and warranties are for the benefit of the Mortgagee and any successor or assign of the Mortgagee, and shall be deemed to survive termination of the Mortgage.

ARTICLE FOUR EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

- (a) Mortgagor fails to duly and punctually pay or cause to be paid when due any installment of the principal or interest payable under the Loan Agreement and Note, and such failure shall continue for sixty (60) days after the Mortgagee has given written notice of such failure.
- (b) Mortgagor defaults in the performance of or breaches its agreement contained in Section 3.06 hereof.
- (c) Mortgagor fails to duly perform or observe any of the covenants or agreements contained in this Mortgage (other than a default specified in paragraphs (a) and (b) of this Section 4.01) or the Loan Agreement and such failure continues for a period of sixty (60) days after the Mortgagee has given written notice to the Mortgagor specifying such default or breach (or, if the default is not capable of being cured within sixty (60) days, then for such longer period, up to a maximum

of one hundred eighty (180) days, as may be reasonably needed to cure the default, provided the Mortgagor initiates corrective action within sixty (60) days after the notice and diligently, continually and in good faith works to effect a cure as soon as possible).

- (d) An Event of Default occurs with respect to any mortgage to which this Mortgage has been subordinated and not be cured within the applicable cure period.
- (e) Any use of the Project or a portion of the Mortgaged Property that violates any federal, state or local law, statute or ordinance, which includes illegal discrimination, pornography, gambling or drug related activities; provided, however, that Mortgagor shall not be in default as a result of illegal activities at the Project by tenants of the Project if Mortgagor is pursuing all reasonable actions to prohibit such illegal activities.

Mortgagee agrees that a cure of an Event of Default under this Mortgage made or tendered by the Mortgagor's limited partner or its designee shall be accepted or rejected on the same basis as if such cure was made or tendered by the Mortgagor and, to the extent accepted, shall be deemed to be a cure by Mortgagor hereunder.

Section 4.02. Acceleration; Foreclosure. Upon the occurrence of any Event of Default, the Mortgagee may, at its option, and subject to the terms and conditions set forth in the Subordination and Standstill Agreement by and among Mortgagee, Wells Fargo Bank, National Association, and Mortgagor and the Master Subordination Agreement by and among, among others, Mortgagee, Wells Fargo Bank, National Association and Mortgagor, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

- (a) Mortgagee may, by written notice to the Mortgagor, declare immediately due and payable all indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand;
- (b) Mortgagee shall have and may exercise with respect to all personal property and fixtures which are part of the Mortgaged Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Minnesota and if notice to the Mortgagor of intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to Mortgagor (in the manner specified in Section 5.02) at least ten (10) calendar days prior to the date of intended disposition and Mortgagor shall pay on demand all costs and expenses incurred by Mortgagee in exercising such rights and remedies, including without limitation, reasonable attorneys' fees and legal expenses; and
- (c) Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay all indebtedness

secured hereby with interest, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges, and fees the Mortgagor agrees to pay.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT THE OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY AND PUBLICATIONS OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVES ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY AND ANY AND ALL RIGHTS TO A PRIOR HEARING OF ANY TYPE IN CONNECTION WITH THE SALE OF THE MORTGAGED PROPERTY.

MORTGAGOR ACKNOWLEDGES THAT IT IS REPRESENTED BY LEGAL COUNSEL; THAT BEFORE SIGNING THIS MORTGAGE THIS SECTION AND MORTGAGOR'S CONSTITUTIONAL RIGHTS WERE FULLY EXPLAINED BY SUCH COUNSEL; AND THAT MORTGAGOR UNDERSTANDS THE NATURE AND EXTENT OF THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER.

Section 4.03. Disposition of Funds. Any amounts collected pursuant to action taken under Section 4.02 shall be applied in such order as the Mortgagee may determine; provided that in the event that the Mortgagee advances sums in protecting the lien of this mortgage, in payment of taxes on the Mortgaged Property, in payment of principal and interest on prior liens against the Mortgaged Property, and in payment of expenses and attorneys' fees herein provided for, the Mortgagor on demand shall pay all such costs and expenses so incurred and advances so made to the Mortgagee together with interest at the rate of one percent (1.00%) per annum in excess of the "reference rate" publicly announced from time to time by U.S. Bank National Association (unless payment of such rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate permitted by applicable law). Such sum shall become additional indebtedness of the Mortgagor secured by this Mortgage.

Section 4.04. Attorneys' Fees and Expenses. In the event the Mortgagor should default under any of the provisions of this Mortgage and the Mortgagee should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance of any obligation or agreement on the part of the Mortgagor contained in this Mortgage, or any other instrument securing the Loan Agreement, Mortgagor will pay to the Mortgagee on demand the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 4.05. Estoppel Certificate. Mortgagor agrees at any time and from time to time, upon not less than fifteen (15) days' prior notice by Mortgagee, to execute, acknowledge, and deliver, without charge, to Mortgagee or to any person designated by Mortgagee, a statement in writing certifying that this Mortgage is unmodified (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), the principal amount then secured hereby and the unpaid balance of the Loan, that Mortgagor has not received any notice of default or notice of acceleration or foreclosure of this Mortgage (or if Mortgagor has received such a notice, that it has been revoked, if such be the case), that no Event of Default or state of facts, which with the giving of notice or passage of time, or both, will constitute an Event of Default, exists hereunder (or if any such Event of Default does exist, specifying the same and stating that the same has been cured, if such be the case), that Mortgagor to its knowledge has no claims or offsets against Mortgagee (or if Mortgagor has any such claims, specifying the same), and the dates to which the interest and the other sums and charges payable by Mortgagor pursuant to the Loan have been paid.

Section 4.06. Forbearance Not a Waiver; Rights and Remedies Cumulative. No delay by the Mortgagee in exercising any right or remedy provided herein or otherwise afforded by law or equity shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by the Mortgagee of any particular provision of this Mortgage shall be deemed effective unless in writing signed by the Mortgagee. Any failure by Mortgagee to insist, or any election by the Mortgagee not to insist, upon the Mortgagor's strict performance of any of the terms, provisions, or conditions of this Mortgage shall not be deemed to be a waiver of same or of any other term, provision, or condition hereof and Mortgagee shall have the right at any time thereafter to insist upon strict performance by the Mortgagor of any and all of same. All such rights and remedies provided for herein or which the Mortgagee may have otherwise, at law or in equity, shall be distinct, separate, and cumulative and may be exercised concurrently, independently, or successively in any order whatsoever, and as often as the occasion therefor arises. The Mortgagee's taking action pursuant to Section 3.03 or receiving proceeds, awards, or damages pursuant to Sections 2.01 to 2.07 or 3.04 shall not impair any right or remedy available to the Mortgagee under Section 4.02 hereof.

Section 4.07. Marshaling of Assets. Mortgagor, on its own behalf and on behalf of its successors and assigns, hereby expressly waives all rights to require a marshaling of assets by Mortgagee or to require Mortgagee, upon a foreclosure, to first resort to the sale of any portion of the Mortgaged Property which might have been retained by Mortgagor before foreclosing upon and selling any other portion as may be conveyed by Mortgagor, subject to this Mortgage.

Section 4.08. Mortgagee's Right to Cure. Upon the occurrence of one of the Events of Default as defined in Section 4.01(e) hereof, Mortgagor shall give written notice to Mortgagee specifying: (i) the Event of Default; and (ii) the action required to cure the event.

ARTICLE FIVE MISCELLANEOUS

Section 5.01. Successors and Assigns Bound; Number; Gender; Agents; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure

to, the respective successors and assigns of the Mortgagee, and the Mortgagor subject to Section 3.06. The term "Mortgagee" shall include any successors or any assigns of the Mortgagee. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall apply to all genders. In exercising any rights hereunder or taking any actions provided for herein, Mortgagee may act through its employees, agents, or independent contractors as authorized by Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

Section 5.02. Notice. Any notice from the Mortgagee to the Mortgagor under this Mortgage shall be deemed to have been given by the Mortgagee and received by the Mortgagor when mailed by certified mail by the Mortgagee to the Mortgagor at the following address:

Ramsey Station Apartments Limited Partnership
c/o Aeon
901 North Third Street, Suite 150
Minneapolis, MN 55401
Phone: (612) 341-3148
Attention: Leslie Roering

With copies to:

Wells Fargo Affordable Housing Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28202-6000
Attention: Director of Asset Management

Joel Hjelmaas, Counsel
Wells Fargo Bank, N.A.
MAC X2401-06T
1 Home Campus, 6th Floor
Des Moines, IA 50328-0001

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attn: John Nolde
Tel.: (612) 604-6400
Fax: (612) 604-6841

or at such other address as the Mortgagor may designate in writing to the Mortgagee.

Any notice from the Mortgagor to the Mortgagee under this Mortgage shall be deemed to have been given by the Mortgagor when delivered to the Mortgagee as follows:

City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303
Phone: (763) 433-9826
Attention: Community Development Director

or at such other address as the parties hereto may designate in writing to the other.

Section 5.03. Governing Law; Severability. This Mortgage shall be governed by the substantive laws of the State of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage that can be given effect without the conflicting provisions and to this end the provisions of the Mortgage are declared to be severable.

Section 5.04. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Section 5.05. Limited Recourse. Except in the case of fraud or willful misconduct, neither the Mortgagor, nor any partner, officer, director, shareholder, employee or agent of the Mortgagor, shall have any personal liability for the Mortgagor's obligations hereunder, it being recognized by Mortgagee that the obligations of the Mortgagor hereunder are nonrecourse obligations and that the remedies of Mortgagee are limited to the security provided hereunder and under the Loan Agreement.

Section 5.06. Construction Mortgage. THIS MORTGAGE SECURES AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN IMPROVEMENT ON LAND AND IS BOTH A CONSTRUCTION MORTGAGE AND A MORTGAGE.

Section 5.07. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Mortgaged Property (as more particularly described in item (ii) of the granting clause of this Mortgage) which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

- (a) Name and Address of Debtor and Record Owner of Real Estate:

Ramsey Station Apartments Limited Partnership
c/o Aeon
901 North Third Street, Suite 150
Minneapolis, MN 55401
Attention: Leslie Roering

Name and Address of Secured Party:

City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303
Phone: (763) 433-9826
Attention: Community Development Director

- (b) This document covers goods that are or are to become fixtures.

Section 5.08. Indemnification by Mortgagor. Except to the extent arising from or related to the gross negligence or willful misconduct of Mortgagee or its agents, Mortgagor will protect, indemnify, and save harmless Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Mortgagee by reason of (a) ownership of a mortgage interest in the Mortgaged Property, or receipt of any rent or other sum therefrom; (b) any accident, injury to, or death of persons or loss of or damage to property occurring on or about the Mortgaged Property or any part thereof or the adjoining sidewalks, curbs, vaults, and vault space, if any; (c) any use, non-use, or condition of the Mortgaged Property or any part thereof or the adjoining sidewalks, curbs, vaults, and vault space, if any; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (f) any negligence or tortious act on the part of Mortgagor or any of its agents, contractors, sublessees, licensees, or invitees; or (g) exercise by Mortgagee of any remedy provided hereunder or at law or equity, provided, however, that nothing herein shall be construed to obligate Mortgagor to protect, indemnify, and save Mortgagee and its officers and employees harmless from and against liabilities, losses, damages, costs, expenses (including attorney's fees) arising from the negligent or tortious acts of Mortgagee, or any of its agents, employees or officers. Any amounts payable to Mortgagee under this section which are not paid within ten (10) days after written demand therefor by Mortgagee shall bear interest at the rate of one percent (1.00%) per annum in excess of the "reference rate" publicly announced from time to time by U.S. Bank National Association (unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law) from the date of such demand, and shall be secured by this Mortgage. If any action, suit, or proceeding is brought against Mortgagee by reason of any such occurrence, Mortgagor upon Mortgagee's request will at Mortgagor's expense resist and defend such action, suit, or proceeding, or will cause the same to be resisted and defended by counsel for the insurer of the liability or by counsel designated by Mortgagor approved by Mortgagee.

Section 5.09 Rider. The terms of the Rider to Loan Documents attached hereto, are made a part hereof, and in the event of any inconsistencies, the Rider to Loan Documents shall control.

[Signature page follows.]

RIDER TO LHIA LOAN DOCUMENTS

This RIDER TO LOAN DOCUMENTS is made and entered into this ____ day of _____, 2017, by and between the **CITY OF RAMSEY**, a Minnesota municipal corporation (“Lender”) and **RAMSEY STATION APARTMENTS LIMITED PARTNERSHIP**, a Minnesota limited partnership (“Borrower”). For purposes of this Rider, the term “Limited Partner” shall mean Wells Fargo Affordable Housing Community Development Corporation and its successors and/or assigns.

WHEREAS, as of the date hereof, Borrower is executing and delivering to Lender certain documents, including without limitation, a Note (LHIA Funds), a Combination Mortgage, Security Agreement and Fixture Financing Statement (LHIA Funds) (“the “Mortgage”), a Loan Agreement, and all other documents (the “Loan Documents”), evidencing a loan in the amount of \$100,000 (the “Loan”) to be made from Lender to Borrower in connection with the construction of a low-income housing tax credit apartment complex located in Anoka County, Minnesota and known as Greenway Terrace (the “Project”).

WHEREAS, Lender and Borrower desire that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the Loan Documents, as set forth in this Rider.

NOW THEREFORE, in consideration of executing and delivering the Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the Loan Documents at the time of execution will be amended by the provisions of this Rider as follows:

1. **Removal and Replacement of General Partner and Property Manager.** Notwithstanding anything to the contrary contained in the Loan Documents, removal, transfer, replacement, or withdrawal in lieu of removal, of Borrower’s general partner(s) and property manager for cause in accordance with Borrower’s Amended and Restated Agreement of Limited Partnership (as amended from time to time, the “Partnership Agreement”) shall not constitute a default under the Loan Documents provided that the Limited Partner delivers prior written notice thereof to Lender and that the substituted general partner or property manager shall be reasonably acceptable to Lender. Upon the removal, transfer, replacement or withdrawal of the general partner, an affiliate of the Limited Partner may serve as the substitute general partner until such time as the Limited Partner and Lender each approve a successor general partner.

2. **Assignment of Limited Partner Interest.** Notwithstanding anything to the contrary contained in the Loan Documents, the interest of Borrower’s Limited Partner shall be freely transferable and any amendment to Borrower’s Partnership Agreement to effectuate such transfers shall not require Lender consent.

3. **Notice and Cure Rights.** Notwithstanding anything to the contrary contained in the Loan Documents, Lender hereby agrees that any cure of any default made or tendered by Borrower’s Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Lender agrees to send courtesy copies of all notices which are sent to Borrower under the terms of the Loan Documents to the Limited Partner at Wells Fargo Affordable Housing Community Development Corporation; MAC D 1053-170; 301 South College Street, 17th Floor, Charlotte, NC 28202-6000; Attention: Director of Asset Management; with a copy to: Winthrop & Weinstine, P.A., 225 South Sixth Street, Suite 3500, Minneapolis, MN 55402, Attn.: John Nolde.

4. **Extended Use Agreement.** The parties acknowledge that Borrower intends to enter into an extended use agreement with Lender, which constitutes the extended low-income housing commitment

described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement required by the Lender is recorded against the Project, Lender agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii). This section shall apply notwithstanding the order of recording of any of the Loan Documents and the Extended Use Agreement (as such term is defined in the Borrower’s Partnership Agreement), executed in connection with the allocation of federal low income housing tax credits to the Borrower for the Project pursuant to Section 42 of the Code.

5. **Agreement to Standstill.** Lender acknowledges and agrees that the Loan Documents securing the Loan shall be subordinate to a bank loan secured by a first position mortgage on the property of the Project (the “Senior Loan”), which subordination shall be evidenced by a written, recorded subordination agreement in a form reasonably acceptable to Lender and to be executed by Lender. Notwithstanding anything in the Loan Documents to the contrary, if an event of default, failure, or violation occurs under the Loan Documents, and is continuing beyond any applicable cure periods, Lender agrees that, without the prior written consent of the then applicable Senior Loan lender (the “Senior Lender”), it will not accelerate the loan, commence foreclosure proceedings on the property or any other collateral for the loan, collect rents, appoint, or seek the appointment of, a receiver or institute any other collection or enforcement action.

6. **Damage, Destruction and Condemnation.** Notwithstanding anything to the contrary contained in any Loan Document, Lender agrees to apply all insurance proceeds resulting from casualty or damage of the Property and all payments or awards resulting from a taking, for any public or quasi-public purpose by any lawful power or authority by exercise of the power of condemnations or eminent domain, toward the restoration, replacement or rebuilding of the Project, or any part thereof, as nearly as possible to its value, condition and operational character immediately prior to any such damage, destruction or taking (“Restoration”), provided sufficient funds are available from all sources to complete such Restoration.

7. **Debt Service Coverage Requirements.** So long as Borrower is current on all debt service payments payable under the Loan, the failure to meet any debt service coverage requirements at any time or times shall not constitute a default under the Loan.

8. **Force Majeure.** There shall be no default under the Loan Documents for construction or rehabilitation delays beyond the reasonable control of the Borrower.

9. **Purchase Rights.** The Lender consents to those purchase options, put rights and rights of first refusal in favor of the general partner of Borrower or its designee which are set forth in Borrower’s Partnership Agreement, and agrees that transfer of title to the Project in accordance therewith shall not constitute a default under the Loan Documents.

10. **Lender Approvals.** Lender agrees that all approvals and consents of the Lender under the Loan Documents shall not be unreasonably withheld, delayed or conditioned. Further, amendments to Borrower’s Partnership Agreement entered into in order to effect transfers or assignments of the Limited Partner’s interest pursuant to Sections 2 and 9 above shall not require the consent or approval of the Lender; provided, written notice of the foregoing transfers are promptly provided to the Lender.

11. **Third Party Beneficiary.** Borrower's Limited Partner, and its successors and assigns, is a third party beneficiary of the rights of Borrower under the Loan Documents, as modified by this Rider and has the right to directly enforce such rights.

12. **Inconsistency.** In the event of any inconsistency or conflict between the covenants, terms and conditions of any of the Loan Documents and this Rider, the covenants, terms and conditions of this Rider shall control.

13. **Survival.** Except to the extent expressly modified, supplemented or amended in this Rider, the Loan Documents remain in full force and effect.

14. **Counterparts.** This Rider may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument. The production of any executed counterpart of this Rider shall be sufficient for all purposes without producing any other counterpart thereof.

15. **Non-recourse.** Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and Borrower's general and limited partners and the Lender's sole recourse with respect to repayment of the Loan shall be the right to foreclose under the Mortgage and other collateral forming part of the Loan Documents.

**EXHIBIT A TO
COMBINATION MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FINANCING STATEMENT**

**THE LAND
(Greenway Terrace Project)**

The Land described in the referenced instrument is located in Anoka County, Minnesota, and is described as follows:

**EXHIBIT B TO
COMBINATION MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FINANCING STATEMENT**

PERMITTED ENCUMBRANCES

- A. Liens for taxes and special assessments not then delinquent, or delinquent but being contested by the Mortgagor pursuant to Section 1.07 hereof.
- B. Utility, access and other easements and rights-of-way, restrictions and exceptions that the Mortgagor certifies will not interfere with or impair the operation of the Project.
- C. Any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with Section 1.07 hereof.
- D. Any building, zoning and subdivision ordinances and any other applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the Federal Government and State of Minnesota and respective agencies thereof and the political subdivisions in which the Project is located.
- E. Other encumbrances listed in the Master Subordination Agreement or as agreed to by Mortgagee.

EXHIBIT C
DISBURSEMENT REQUEST FORM

DISBURSEMENT REQUEST FORM
(Greenway Terrace Project)

Number _____
 Date: _____, 2017

The undersigned, pursuant to that certain LHIA Loan Agreement dated as of _____, 2017 (the "Loan Agreement"), by and between the City of Ramsey (the "City") and Ramsey Station Apartments Limited Partnership (the "Borrower"), hereby certifies and requests as follows:

1. The Borrower requests that the following amounts be paid to Borrower by Title for payment or reimbursement to the entities below for eligible costs under the Loan Agreement:

	<u><i>Name and Address of Payee</i></u>	<u><i>Amount Requested to be Paid</i></u>
a.	_____ _____ _____	\$ _____
b.	_____ _____ _____	\$ _____
c.	_____ _____ _____	\$ _____
d.	_____ _____ _____	\$ _____

2. Attached hereto are invoices with respect to each item for which payment is requested pursuant to paragraph 1.
3. The Borrower certifies that the disbursements are for Project Costs as defined in the Loan Agreement.

4. The Borrower hereby requests the City to approve this Disbursement Request for payment of the amounts listed in paragraph 1 hereof.

BORROWER:

**RAMSEY STATION APARTMENTS LIMITED
PARTNERSHIP**

By: **Aeon**
Its: Managing General Partner

By: _____
Caroline Horton, Chief Financial Officer

A P P R O V A L

This Disbursement Request is hereby approved by the City pursuant to Section 7 of the above-described Loan Agreement.

Dated: _____

CITY OF RAMSEY

By: _____
Its: Mayor

By: _____
Its: City Manager