

ASSIGNMENT OF RIGHTS UNDER TIF AGREEMENT

This ASSIGNMENT OF RIGHTS UNDER TIF AGREEMENT (this "Agreement") is made and entered into as of July [___], 2018, by and between AFFINITY AT RAMSEY, LLC, a Washington limited liability company ("Borrower"), and UMPQUA BANK, an Oregon state-chartered bank ("Lender").

R E C I T A L S

A. Lender and Borrower are parties to a loan agreement dated as of July __, 2018 (together with all amendments, supplements, exhibits, and modifications thereto, the "Loan Agreement"), which sets forth the terms and conditions under which Lender will make a loan (the "Loan") to Borrower. Terms defined in the Loan Agreement shall have same meanings when used herein.

B. The proceeds of the Loan will be used to provide financing to Borrower for the development of a 174 unit "age restricted at 55 and older" apartment complex known as "Affinity at Ramsey" located at the southwest corner of Ramsey Parkway NW and West Town Center Drive, Ramsey, Minnesota 55303 (the "Property").

C. In connection with the development of the Project, Borrower and the City of Ramsey, Minnesota (the "City"), a home rule charter city organized and existing under the constitution and laws of the State of Minnesota have entered into that certain Tax Increment Financing Agreement dated as of _____, 2018(as now or hereafter amended, the "TIF Agreement"), pursuant to which the City will issued to Borrower that certain Tax Increment Revenue Note (Affinity at Ramsey, LLC Project) (as now or hereafter amended, the "TIF Note").

D. To secure Borrower's obligations to Lender, Borrower granted to Lender a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing to Lender (the "Mortgage") covering the Property.

E. As a condition to Lender making the Loan, Borrower must assign it rights in and to the TIF Agreement to Lender as additional security for the Borrower's obligations to Lender.

For and in consideration of the mutual covenants herein contained as well as other considerations, the receipt and sufficiency of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. GRANT OF SECURITY INTEREST

(a) Borrower hereby grants to Lender and Lender hereby accepts a security interest in all right, title and interest of Borrower in an to the TIF Agreement together with all proceeds and replacements thereof. Said security interest shall attach on execution hereof, and shall secure performance by Borrower of all of its obligations to Lender described in Section 2 herein.

(b) Until the termination of this Agreement, Borrower shall perform any and all steps and take all actions requested by Lender from time to time to perfect, maintain, protect, and enforce Lender's security interest in, and lien on, the TIF Agreement, including (i) executing and delivering all appropriate documents and instruments as Lender may determine are necessary or desirable to perfect, preserve, or enforce Lender's interest in the TIF Agreement, including financing statements, all in form and substance satisfactory to Lender, (iii) placing notations on Borrower's books of account to disclose Lender's security interest and lien therein, and (iv) taking such other steps and actions as deemed reasonably necessary or desirable by Lender to perfect and enforce Lender's security interest in, and lien on, and other rights and interests in, the TIF Agreement.

(c) Borrower hereby irrevocably authorizes Lender at any time and from time to time to file in any filing office in any jurisdiction any initial financing statements and amendments thereto that (i) indicate the TIF Agreement as being collateral, and (ii) provide any other information required by applicable law for the sufficiency or filing office acceptance of any financing statement or amendment. Borrower hereby irrevocably authorizes Lender at any time and from time to time to correct or complete, or to cause to be corrected or completed, any financing statements, continuation statements or other such documents as have been filed naming Borrower as debtor and Lender as secured party. Borrower agrees to furnish any such information to Lender promptly upon request. At Lender's request, Borrower will execute notices appropriate under any applicable requirements of law that Lender deems desirable to evidence, perfect, or protect its security interest in and other liens on the TIF Agreement in such form(s) as are satisfactory to Lender. Borrower will pay the cost of filing all financing statements and other notices in all public offices where filing is deemed by Lender to be necessary or desirable to perfect, protect or enforce the security interest and lien granted to Lender hereunder. A carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. Lender is hereby authorized to give notice to any creditor or any other person as may be necessary or desirable under applicable laws to evidence, protect, perfect, or enforce the security interest and lien granted to Lender in the TIF Agreement.

2. OBLIGATIONS SECURED HEREBY

This Agreement secures the payment and performance of the Note and all other "Secured Obligations" as defined in the Mortgage.

3. WARRANTIES OF BORROWER

Borrower warrants that (i) Borrower is the owner of the TIF Agreement free and clear of all liens and security interests except the security interest granted herein, (ii) Borrower has the right to make this Agreement, and (iii) no default or event of default has occurred and is continuing under the TIF Agreement.

4. COLLATERAL COVENANTS

Until the Secured Obligations are fully paid, performed and satisfied and this Agreement is terminated, Borrower will:

- (a) Maintain the TIF Agreement, as the same is constituted from time to time, free and clear of all liens, except the liens granted to Lender pursuant to this Agreement, and Borrower will defend or cause to be defended the TIF Agreement against all of the claims and demands of all Persons whomsoever;
- (b) Promptly notify Lender in writing of any information which Borrower have or may receive with respect to the TIF Agreement which may with reasonable certainty materially and adversely affect the value thereof or the rights of Lender with respect thereto;
- (c) Not sell or transfer the TIF Agreement, or create or permit to be created or to exist any Lien on the TIF Agreement, or release, compromise, or settle any obligation due under the TIF Agreement;
- (d) Not (i) amend, modify, terminate or waive any provisions of the TIF Agreement or any related documents, (ii) grant any extension of time of repayment of any sum due under the TIF Agreement, (iii) compromise, compound, or settle any sum due under the TIF Agreement for less than the full amount thereof, (iv) release, wholly or partially, any person or entity liable for the payment of any sum due under the TIF Agreement, or allow any credit or discount whatsoever thereon, or (iv) grant any consent under the TIF Agreement requiring the consent of Borrower a without the prior written consent of Lender;
- (e) Take all actions requested by Lender to enforce the covenants of the obligors under the TIF Agreement; and
- (f) Concurrently with the execution of the TIF Note, Borrower shall (i) execute and deliver a Pledge of Note agreement in form and substance acceptable to Lender and (ii) deliver the original TIF Note to Lender with a signed allonge, leaving the name of the transferee blank.

5. APPOINTMENT OF ATTORNEY- IN- FACT

Borrower hereby nominates and appoints Lender as attorney-in-fact to do all acts and things which Lender may deem necessary or advisable to perfect and continue perfected the security interest created by this Agreement. This power of attorney, being coupled with an interest, will be irrevocable for the term of this Agreement and all transactions under this Agreement and thereafter so long as any of the Secured Obligations remain in existence. Borrower ratifies and approves all acts of such attorney, and neither Lender nor its attorney will be liable for any acts or omissions or for any error of judgment or mistake of fact or law. Borrower will execute and deliver promptly to Lender all instruments necessary or desirable, as determined in Lender's discretion, to further Lender's exercise of the rights and powers granted it in this Section 5.

6. REMEDIES

(a) Upon the occurrence of any Event of Default, Lender shall have all rights and remedies of a secured party under the Washington Uniform Commercial Code or other applicable law and all rights provided herein, or in any other applicable agreement, all of which rights and remedies shall, to the fullest extent permitted by law, be cumulative. Any forbearance, failure, or delay by Lender in exercising any right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power, and remedy of Lender shall continue in full force and effect until such right, power, or remedy is specifically waived by an instrument in writing executed by Lender.

(b) Without limiting the generality of the foregoing, upon the occurrence of any such Event of Default, Lender is entitled to sell the TIF Agreement, provided any notice of sale or intended disposition is mailed by Lender postage prepaid, first class to Borrower at the address contained herein at least five days prior to such action. Such notice shall constitute reasonable notice to Borrower.

7. WAIVERS BY BORROWER

Borrower waives any rights to require Lender to (a) proceed against any other person; (b) proceed against or exhaust any collateral for the Secured Obligations other than the TIF Agreement; (c) pursue any other remedy in the Lender's power and waives any defense arising by reason of the cessation from any cause whatsoever of the liability of Borrower, or any other person. Until all of the Secured Obligations have been fully performed and have been paid in full, Borrower shall have no right of and waives any right to enforce any remedies which Lender now has or may hereafter have against any other person and waives any benefit of and any right to participate in the proceeds of the TIF Agreement at any time.

8. PROCEEDS OF SALE

(a) In the event of sale pursuant to Section 6 herein, the proceeds of such sale shall be applied in the following manner: (i) the reasonable expenses of selling and, to the extent provided in this Agreement and not prohibited by law, including, without limitation all attorneys' fees and legal expenses incurred by the Lender, and (ii) all other Secured Obligations in any order that Lender chooses.

(b) Lender may buy the TIF Agreement at a public sale and at a private sale. Any sale hereunder may be conducted by any officer, attorney or agent of Lender.

9. EXPENSES AND ATTORNEYS' FEES

All obligations of Borrower hereunder shall be payable on demand, and any amount due and payable hereunder to any Lender by Borrower which is not paid within ten (10) days after written demand therefor from an Lender shall bear interest from the date of such demand at the Note Rate. Borrower agrees to pay on demand all of Lender's costs and expenses, including Lender's attorney fees and legal expenses, incurred in connection with

enforcement of this Agreement including, without limitation, all costs and expenses of selling the TIF Agreement. Lender may hire or pay someone else to help enforce this Agreement. Lender may also use attorneys who are salaried employees of Lender to enforce this Agreement. Borrower shall pay all costs and expenses of all such enforcement. In the event arbitration, suit, action or other legal proceeding is brought to interpret or enforce this Agreement, Borrower agrees to pay all additional sums as the arbitrator or court may adjudge reasonable as Lender's costs, disbursements, and attorney fees at hearing, trial, and on any and all appeals. Whether or not an arbitration or court action is filed, all reasonable attorney fees and expenses Lender incurs in protecting its interests and/or enforcing this Agreement shall become part of the obligations owed to Lender under this Agreement. The attorney fees and expenses covered by this Section 9 include without limitation all of Lender's attorney fees (including the fees charged by Lender's in-house attorneys, calculated at hourly rates charged by attorneys in private practice with comparable skill and experience), Lender's fees and expenses for bankruptcy proceedings (including efforts to modify, vacate, or obtain relief from any automatic stay), fees and expenses for Lender's post-judgment collection activities, Lender's cost of searching lien records, searching public record databases, on-line computer legal research, title reports, surveyor reports, appraisal reports, collateral inspection reports, title insurance, and bonds issued to protect Lender's collateral, all to the fullest extent allowed by law.

10. TERM

This Agreement shall remain in full force and effect until the Secured Obligations are discharged in full.

11. MISCELLANEOUS

11.1 Successors and Assigns

Each and all of the covenants, conditions and restrictions contained in this Agreement shall inure to the benefit of and shall be binding upon the assignees, and other successors in interest of Borrower and Lender.

11.2 Notices

Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be given and deemed delivered in accordance with the terms of the Loan Agreement.

11.3 Governing Law

This Agreement shall be governed by and construed in accordance with Washington law.

11.4 Class Action Waiver

BORROWER AND LENDER HEREBY WAIVE THE RIGHT TO LITIGATE IN COURT ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

11.5 Waiver of Jury Trial

BORROWER AND LENDER EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, WHETHER NOW OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND HEREBY CONSENTS AND AGREES THAT ANY SUCH CLAIM MAY, AT LENDER'S ELECTION, BE DECIDED BY TRIAL WITHOUT A JURY AND THAT LENDER MAY FILE AN ORIGINAL COUNTERPART OR COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE WAIVER AND AGREEMENT CONTAINED HEREIN.

11.6 Incorporation of Schedules Etc.

All documents attached hereto, including any appendices, schedules, riders, and exhibits to this Agreement, are hereby expressly incorporated by reference.

11.7 Counterparts

This Assignment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the day and year first above written.

BORROWER:

AFFINITY AT RAMSEY, LLC, a Washington limited liability company

By: Affinity Ramsey Manager, LLC, its Manager

By _____
Darin Davidson, Manager

LENDER:

UMPQUA BANK

By _____
Name: _____
Title: _____

CONSENT

The undersigned City hereby consents to the foregoing Assignment of Rights under TIF Agreement.

CITY:

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

By _____
Name: _____
Title: _____

DRAFT