
**MORTGAGE, SECURITY
AGREEMENT, AND ASSIGNMENT OF RENTS**

between

**PCS BUILDING COMPANY,
as Mortgagor**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Mortgagee**

Dated as of September 1, 2022

Relating to:

**\$37,095,000
City of Ramsey, Minnesota
Charter School Lease Revenue
Refunding Bonds
(PACT Charter School Project)
Series 2022A**

**\$315,000
City of Ramsey, Minnesota
Taxable Charter School Lease Revenue
Refunding Bonds
(PACT Charter School Project)
Series 2022B**

This Mortgage, Security Agreement, and Assignment of Rents (the "**Mortgage**") constitutes a fixture financing statement under Minnesota Statutes, Section 336.9-502, as amended, and contains after-acquired property provisions.

The maximum indebtedness secured by this Mortgage is \$[37,410,000] and matures on June 1, 2057.

This instrument was drafted by:
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MORTGAGE, SECURITY AGREEMENT, AND ASSIGNMENT OF RENTS

THIS MORTGAGE, SECURITY AGREEMENT, AND ASSIGNMENT OF RENTS, dated as of **September 1, 2022** (as amended or supplemented, the "**Mortgage**"), is between **PCS BUILDING COMPANY**, a Minnesota nonprofit corporation, as mortgagor (or any successor thereto, the "**Company**" or "**Mortgagor**"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as mortgagee (or any successor thereto, the "**Trustee**" or "**Mortgagee**"). This Mortgage is for the benefit of the Mortgagee and for the registered owners of the Bonds (defined below).

RECITALS

WHEREAS, at the request of the Company, the City of Ramsey, Minnesota (the "**Issuer**") has agreed to issue, under the terms of an Indenture of Trust, dated as of September 1, 2022 (the "**Indenture**"), between the Issuer and the Trustee, its (i) Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022A (the "**Series 2022A Bonds**") in the original aggregate principal amount of \$37,095,000; and (ii) Taxable Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022B (the "**Series 2022B Bonds**," and together with the Series 2022A Bonds, the "**Series 2022 Bonds**"), in the original aggregate principal amount of \$315,000; and

WHEREAS, the Series 2022A Bonds have a final maturity date of June 1, 2057, and the Series 2022B Bonds have a final maturity date of June 1, 2026; and

WHEREAS, the Issuer will loan the proceeds of the Series 2022 Bonds to the Company pursuant to the terms of a Loan Agreement, dated as of September 1, 2022 (as amended or supplemented from time to time, the "**Loan Agreement**"), between the Issuer and the Company, to (i) (a) currently refund the Issuer's outstanding Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013A (the "**Series 2013A Bonds**"), the proceeds of which were used to advance refund the Issuer's Lease Revenue Bonds (PACT Charter School Project), Series 2004A (the "**Series 2004 Bonds**"), the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 74,000 square-foot school facility located at 7250 East Ramsey Parkway (the "**Original School Facility**") in the City of Ramsey, Minnesota (the "**City**"), which is currently leased to and operated by PACT Charter School, a Minnesota nonprofit corporation and 501(c)(3) organization (the "**School**"), as a public charter school for students in grades Kindergarten through twelve, and (b) refinance a taxable note by the Company, the proceeds of which were used for certain improvements to the Original School Facility; (ii) finance certain renovations to the Original School Facility to equip it to serve grades Kindergarten through five (the Original School Facility as improved, the "**Elementary School Campus**"); (iii) finance the acquisition of 18 acres of vacant land and the construction and equipping of an approximately 115,000 square-foot school facility located at or about 7633 161st Avenue NW (the "**Upper School Campus**" and, with the Elementary School Campus, the "**School Facilities**") in the City, which will be leased to and operated by the School as a public charter school for students in grades six through twelve; (iv) fund required reserves; (v) finance capitalized interest on a portion of the Series 2022

Bonds; and (vi) pay the costs of issuing the Series 2022 Bonds (collectively, (i)-(vi) above shall be referred to as the "2022 Project"); and

WHEREAS, the Project will be located on the property legally described in EXHIBIT A attached hereto and will be owned by the Mortgagor and leased to and operated by the School or any successor thereto, as a Kindergarten through twelve grade school facility; and

WHEREAS, the Issuer's interests in the Loan Agreement, except for certain Unassigned Rights, have been assigned to the Trustee; and

WHEREAS, under the terms of the Loan Agreement, the Company has covenanted, among other things, to make loan repayments sufficient to pay the principal of and interest on the Bonds when due; and

NOW THEREFORE, the Mortgagor and the Mortgagee hereby agree as follows:

(The remainder of this page is intentionally left blank.)

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The terms defined in this Article I shall for all purposes of this Mortgage have the meanings herein specified or those meanings specified in the Indenture, unless the context clearly requires otherwise:

Bonds means the Series 2022 Bonds and any Additional Bonds issued under the Indenture.

Charter School means PACT Charter School, a Minnesota nonprofit corporation, formed as a public charter school.

Company means the Mortgagor, and any successor owner of the Mortgaged Property who agrees to be bound by this Mortgage.

Environmental Regulation has the meaning provided in Section 3.3 hereof.

Event of Default means any event defined as such in the Loan Agreement, the Indenture, or the Lease, the Pledge Agreement, or this Mortgage.

Hazardous Substance has the meaning provided in Section 3.3 hereof.

Indenture means the Indenture of Trust, dated as of September 1, 2022, between the Issuer and the Trustee, as amended and supplemented from time to time.

Issuer means the City of Ramsey, Minnesota, a home rule charter city and political subdivision organized and existing under the Constitution and laws of the State, and any successor.

Land means the same as defined in Section 2.1(a) below.

Lease means the [**Lease Agreement**], dated as of September 1, 2022, between the Company, as lessor, and the Charter School, as lessee of the Mortgaged Property, as amended and supplemented from time to time.

Loan Agreement means the Loan Agreement, dated as of September 1, 2022, between the Issuer and the Company, as amended or supplemented from time to time.

Loan Repayments means the payments required to be made by the Company pursuant to Section 4.2 of the Loan Agreement.

Mortgage means this Mortgage, Security Agreement, and Assignment of Rents, dated as of September 1, 2022, between the Mortgagor and the Mortgagee, as amended and supplemented from time to time.

Mortgaged Property means all real estate, buildings, equipment, and other interests as more particularly described in subsections (a) through (g), inclusive, of Section 2.1 of this Mortgage, including the real estate described in EXHIBIT A attached to this Mortgage.

Mortgagee means the Trustee, and any successor trustee under the Indenture.

Mortgagor means PCS Building Company, a Minnesota nonprofit corporation, and any successor owner of the Mortgaged Property who agrees to be bound by this Mortgage.

Permitted Encumbrances means those encumbrances set forth in Section 3.2 hereof and listed in EXHIBIT B attached hereto.

Pledge Agreement means the Pledge and Covenant Agreement, dated as of September 1, 2022, between the Charter School and the Trustee, as amended or supplemented from time to time.

Pledged Accounts means the right to receive all receipts, revenues, and income derived by the Mortgagor, or on behalf of the Mortgagor by the Issuer or the Trustee or a receiver, from the Mortgaged Property, including, without limiting the generality of the foregoing, revenues derived from the operation of the Mortgaged Property, whether in the form of accounts receivable, contract rights, general intangibles, or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence.

Project means the Series 2022 Project and any additional project financed by a series of Bonds.

Released Property means any Mortgaged Property released from the Mortgage pursuant to the provisions of Section 4.5 of this Mortgage.

School Facilities means the same as defined in the Indenture.

Series 2022 Project means the same as defined in the recitals of this Mortgage.

Series 2022A Bonds means the Issuer's Charter School Lease Revenue Bonds (PACT Charter School Project), Series 2022A, in the original principal amount of \$37,095,000, pursuant to the terms of the Indenture.

Series 2022B Bonds means the Issuer's Taxable Charter School Lease Revenue Bonds (PACT Charter School Project), Series 2022B, in the original principal amount of \$315,000, pursuant to the terms of the Indenture.

Series 2022 Bonds means the Series 2022A Bonds and the Series 2022B Bonds.

State means the State of Minnesota.

Trustee means U.S. Bank Trust Company, National Association, a national banking association, and any successor trustee under the Indenture.

UCC Collateral means the same as defined in Section 2.3(e) below.

ARTICLE II

MORTGAGE AND SECURITY INTEREST

Section 2.1 Mortgage and Security Interest. In order to secure, and as security for, (i) the making of the Loan Repayments by the Mortgagor to the Mortgagee for the account of the Issuer and the benefit of registered owners of the Bonds, pursuant to the Loan Agreement, and (ii) the performance and observance by the Mortgagor of all of the other covenants, agreements, representations, warranties and conditions contained herein, in the Indenture, in the Loan Agreement, or in any Security Agreement (as defined in the Loan Agreement), the Mortgagor by these presents does hereby sell, assign, mortgage, grant, convey, transfer, pledge, set over and confirm unto the Mortgagee, and its successors and assigns forever, with power of sale, and grant a lien on and a security interest in the Mortgaged Property, consisting of all and singular the following described premises and property of the Mortgagor:

(a) That real estate lying and being in the City of Ramsey, Minnesota, Anoka County, described in EXHIBIT A (the "**Land**") attached hereto and made a part hereof as though set forth in full herein;

(b) All buildings, improvements, structures, and appurtenances now standing, or at any time hereafter constructed or placed upon the Land and made a part hereof as though set forth in full herein or any part thereof, including all right, title, and interest of the Mortgagor in and to all building material, plants, fixtures, and trade fixtures of every kind and nature whatsoever on said premises or in any building now or hereafter standing on said real estate, or any part thereof;

(c) The reversion or reversions, remainder or remainders, in and to the Land and each and every part thereof, together with the entire interest of the Mortgagor in and to all and singular the tenements, hereditaments, easements, rights, privileges and appurtenances to said real estate belonging or in any way appertaining thereto;

(d) All the estate, right, title, interest, claim, or demand whatsoever of the Mortgagor, either in law or in equity in possession or expectancy, of, in and to the Land, it being the intention of the parties hereto that so far as may be permitted by law, all tangible personal property now owned or hereafter acquired by the Mortgagor and affixed to or attached to said real estate shall be deemed to be, and shall be considered as, fixtures and appurtenances to said real estate of the Mortgagor;

(e) All of the Mortgagor's right, title, and interest, if any, in and to any streets, rights-of-way, and alleys on or adjoining the Land;

(f) All and singular the furniture, goods, equipment, machinery, inventory, and other tangible personal property owned by the Mortgagor used or suitable for use in the operation or maintenance of the Land and located on the Land, and any items of furniture, goods, equipment, machinery, inventory and other tangible personal property acquired and installed on the Land in addition thereto or in substitution or replacement therefor, and any

proceeds of the same, less any such item as may be released from the lien of this Mortgage pursuant to the terms hereof or of the Loan Agreement;

(g) All leases, including the Lease and other agreements permitted under the Lease, including without limitation insurance contracts pertaining to the occupancy, use, possession or enjoyment of all or any part of the Mortgaged Property, now or hereafter entered into, and any modification, renewal or extension thereof, and all guarantees of the lessees', tenants', or occupants' obligations thereunder, including without limitation deposits of cash or securities (collectively, and hereafter together with the Lease, the "**Leases**"), and all of the rents, royalties, issues, profits, revenue, income, unearned insurance premiums and other benefits hereafter accruing under any Leases or otherwise arising from the ownership, occupancy, use, possession or enjoyment of all or any part of the Mortgaged Property (collectively, the "**Rents and Profits**");

(h) All (a) awards or payments, including interest thereon and the right to receive the same, growing out of or resulting from any exercise of the power of eminent domain (including the taking of all or any part of the Mortgaged Property, or any alteration of the grade of any street upon which the Mortgaged Property abuts, or any other injury to, taking of, or decrease in the value of the Mortgaged or any part thereof); (b) any unearned premiums on any hazard, casualty, liability, or other insurance policy carried for the benefit of the Mortgagor and/or the Mortgagee with respect to the Mortgaged Property; and (c) all rights of the Mortgagor in, to, under, by virtue of, arising from or growing out of any and all present or future contracts, instruments, accounts, insurance policies, permits, licenses, plans, appraisals, reports, paid fees, choses-in-action, accounts receivable, subdivision restrictions or declarations or other intangibles whatsoever now or hereafter dealing with, affecting or concerning the Mortgaged Property, the improvements thereto, or any portion thereof or interest therein, including but not limited to (i) all contracts, plans and permits for or related to the Mortgaged Property or its development or the construction or refurbishing of improvements on the Mortgaged Property; (ii) any agreements for the provision of utilities to the Mortgaged Property; (iii) all payment, performance and/or other bonds; (iv) any contracts now existing or hereafter made for the sale by Mortgagor of all or any portion of the Mortgaged Property, including any deposits paid by any purchasers (howsoever such deposits may be held) and any proceeds of such sales contracts, including any purchase-money notes and mortgages made by such purchasers; (v) any declaration of condominium, restrictions, covenants, easements or similar documents now or hereafter recorded against the title to all or any portion of the Mortgaged Property; and (vi) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including without limitation proceeds of insurance and condemnation awards;

(i) All of the Mortgagor's rights to enter into any lease or lease agreement regarding all or any part of the Mortgaged Property, and all of the Mortgagor's rights to encumber the Mortgaged Property further for debt, the Mortgagor hereby (a) representing, as of the date hereof, there are no encumbrances to secure debt prior or junior to this Mortgage; and (b) covenanting that there are to be none as of the date when this Mortgage is recorded (except the debt evidenced by this Mortgage); and

(j) All of the Mortgagor's present and future Pledged Accounts arising out of or in connection with the Mortgaged Property and all proceeds thereof.

TO HAVE AND TO HOLD, all and singular, the Mortgaged Property and the rights and privileges hereby granted, mortgaged, conveyed, assigned and pledged by the Mortgagor or intended so to be, ratably unto the Mortgagee and its successors and assigns forever, in trust, nevertheless, with power of sale for the benefit and security of each and every registered owner of the Bonds issued under the Indenture, without preference, priority or distinction as to the participation in the lien, benefit and protection hereof of one Bond over or from the others, by reason of priority in the issue or negotiation of maturity thereof, or for any reason whatsoever, except as otherwise expressly provided in the Indenture or the Loan Agreement, so that each and all of such Bonds hereby secured shall have the same right, lien and privilege under this Mortgage and shall be secured equally hereby;

SUBJECT, NEVERTHELESS, to Permitted Encumbrances;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Mortgagor, or its respective successors or assigns, shall well and truly pay all Loan Repayments applicable to the Bonds on behalf of the Issuer according to the provisions set forth in the Loan Agreement (which is by reference incorporated herein and made a part hereof with the same effect as if it were set forth in full herein) and shall also pay or cause to be paid all other sums payable under the Indenture or the Loan Agreement by the Mortgagor and the Mortgagor shall faithfully and punctually perform all other conditions, covenants and agreements set forth in the Loan Agreement on behalf of the Issuer, then these presents and the estate, lien, security interests and rights hereby granted shall cease, determine and become void, and thereupon the Mortgagee, on payment of its lawful charges and disbursements then unpaid, on demand of the Mortgagor, shall duly execute, acknowledge and deliver to the Mortgagor such instruments of satisfaction or release in respect of the Mortgaged Property as may be necessary or proper to discharge this Mortgage of record, and if necessary shall grant, reassign and deliver to the Mortgagor, its successors or assigns, all and singular the property and interest by it hereby granted, conveyed, mortgaged and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as provided in the Loan Agreement; otherwise this Mortgage shall be and remain in full force.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that all of the Mortgaged Property is to be held and applied, subject to the covenants, agreements and conditions set forth in the Loan Agreement and herein.

Section 2.2 Payments and Performances Secured. This Mortgage shall cover and secure:

(a) payment of any and all Loan Repayments pursuant to the Loan Agreement, together with any renewals or extensions thereof but only to the extent such Loan Repayments are applied or will be applied to the payment of the Bonds; notwithstanding anything to the contrary contained herein, the maximum principal amount secured hereby is **[\$37,410,000]**;

(b) performance of each covenant, agreement or condition of the Mortgagor set forth in the Loan Agreement, this Mortgage, or any other Security Agreement; and

(c) the payment of all other sums incurred or advanced by the Mortgagee or otherwise becoming due and payable under the provisions of the Indenture, the Loan Agreement, this Mortgage, or any Security Agreement, together with interest thereon at the Late Payment Rate (as defined in the Loan Agreement), including without limitation all advances consisting of protective advances, as described in Minnesota Statutes, Section 287.05, subdivision 4, or any successor statute thereto, as the same may be amended from time to time.

The final maturity date of the debt obligations/indebtedness secured by this Mortgage are June 1, 2057.

Section 2.3 Remedies Upon Event of Default. If one (1) or more Events of Default shall have occurred and be continuing, the Mortgagee shall be entitled to exercise any or all of the remedies set forth or provided in the Loan Agreement, the Assignment of Lease, any other Security Agreements, the Indenture or herein, to the extent permitted by law, including but not limited to (i) petitioning a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate the Company or the Mortgaged Property for the benefit of the Issuer, and (ii) declaring all Loan Repayments under the Loan Agreement applicable to the payment of the Bonds immediately due and payable without notice, and the Mortgagee is hereby authorized and empowered to the extent as may from time to time be permitted by law, to foreclose this Mortgage by judicial proceedings or by advertisement with full authority to sell the Mortgaged Property at public auction and convey the same to the purchaser in fee simple in accordance with the laws of the State, and out of the money arising from such sale to retain all sums secured hereby, together with interest and all legal costs and charges of such foreclosure, which costs and charges the Mortgagor agrees to pay.

Without limiting the foregoing, upon an Event of Default the Mortgagee shall have the right, to the extent as may from time to time be permitted by law, to:

(a) Foreclose on this Mortgage, enter and take possession of the Mortgaged Property or any part thereof without termination of the Lease, and use commercially reasonable efforts to lease for any commercial purpose or foreclose and sell the Mortgaged Property or any part thereof for the account of the Mortgagor, holding the Mortgagor liable, to the extent permitted by law, for the difference between the amounts received and the Loan Repayments and other amounts payable by the Mortgagor under the Loan Agreement or otherwise secured hereby; and

(b) Foreclose on this Mortgage, terminate the Lease, exclude the Mortgagor and the Charter School from possession of the Mortgaged Property or any part thereof and use commercially reasonable efforts to lease for any commercial purpose or sell the Mortgaged Property or any part thereof to another for the account of the Mortgagor, holding the Mortgagor liable, to the extent permitted by law, for the difference between the amounts received and the Loan Repayments and other amounts payable by the Mortgagor under the

Loan Agreement or otherwise secured hereby, but only such Loan Repayments as are applicable to the payment of the Bonds; and

(c) The Mortgagee may sell the Mortgaged Property to the highest bidder at public auction in front of the courthouse door or such other location as the sheriff may customarily conduct foreclosure sales in the county, as may be required, where the Mortgaged Property is located, either in person or by auctioneer, after having first given notice of the time, place and terms of sale, together with a description of the property to be sold, as required by Minnesota Statutes, Chapter 580 or 581, as applicable, as the same may be amended from time to time, and, upon payment of the purchase money or credit bid by the Mortgagee, the Mortgagee or any person conducting the sale for Mortgagee (including but not limited to the sheriff of the county where the Mortgaged Property is located) is authorized to execute to the purchaser at said sale a deed or sheriff's certificate of sale to the Mortgaged Property so purchased. The Mortgagee may bid at said sale and purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. At the foreclosure sale the Mortgaged Property may be offered for sale and sold as a whole without first offering it in any other manner or may be offered for sale and sold in any other manner as the Mortgagee may elect; and

(d) To the extent permitted by law, foreclose on this Mortgage, terminate the Lease, exclude the Mortgagor and the Charter School from possession of the Mortgaged Property or any part thereof, and all Loan Repayments theretofore made by the Mortgagor shall be retained and applied to the payment of principal of and interest on the Bonds, and all interest of the Mortgagor in the Mortgaged Property shall terminate; and

(e) Exercise any remedies available to a secured party under the Minnesota Uniform Commercial Code. Upon demand by the Mortgagee, the Mortgagor shall assemble any collateral subject to the Minnesota Uniform Commercial Code (the "**UCC Collateral**") and make it available to the Mortgagee, at a place designated by the Mortgagee. The Mortgagee or its agents may without notice from time to time enter upon the Mortgagor's premises without causing a breach of the peace to take possession of the UCC Collateral, to remove it, to render it unusable, to process it or otherwise prepare it for sale, or to sell or otherwise dispose of it. Any written notice of the sale, disposition or other intended action by the Mortgagee with respect to the UCC Collateral which is sent by regular mail, postage prepaid, to the Mortgagor at the address of the Mortgagor which may from time to time be shown on the Mortgagee's records or which shall be provided by the Mortgagor to the Mortgagee in writing, at least ten (10) days prior to such sale, disposition or other action, shall constitute commercially reasonable notice to the Mortgagor. The Mortgagee may alternatively or additionally give such notice in any other commercially reasonable manner. Nothing in this Mortgage shall require the Mortgagee to give any notice not required by applicable laws. If any consent, approval, or authorization of any state, municipal, or other governmental department, agency, or authority or of any person, or any person, corporation, partnership, or other entity having any interest therein, should be necessary to effectuate any sale or other disposition of the UCC Collateral, the Mortgagor agrees to execute all such applications and other instruments, and to take all other action, as may be required in connection with securing any such consent, approval or authorization; and

(f) Exercise any and all remedies available to Mortgagee under any other documents or agreements executed in connection with the Loan Agreement, the Indenture, any Security Agreement, and the Bonds or under law; and

(g) Pay the costs and expenses incurred by the Issuer, the Mortgagee, their agents and counsel, including reasonable fees and disbursements of the attorneys involved to the extent permitted by law, which shall be additional sums secured by this Mortgage, provided, however, that the Mortgagee shall distribute to the registered owners of the Bonds, as partial payment of the Bonds in the case of any Event of Default, all moneys in the Reserve Fund not needed for the expenses of the Issuer or the Mortgagee, prior to commencing any foreclosure hereunder; and

(h) The Mortgagee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the sufficiency or value of any security or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Company or the Mortgaged Property and to collect and apply the Rents and Profits. The receiver shall have all the rights and powers permitted under the laws of the State. The Mortgagor will pay unto the Mortgagee upon demand all expenses, including receiver's fees, reasonable attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions of this Section, and upon any Mortgagor's failure to pay the same, any such amounts shall be added to the sums secured by this Mortgage and shall bear interest at the Late Payment Rate. The receiver may be appointed by an action separate from any foreclosure of this Mortgage pursuant to Minnesota Statutes, Chapter 580 or 581, or any successor statutes thereto, as the same may be amended from time to time, or as a part of the foreclosure action under said Chapter 581 (it being agreed that the existence of a foreclosure pursuant to said Chapter 580 or a foreclosure action pursuant to said Chapter 581 is not a prerequisite to any action for a receiver hereunder). The Mortgagee shall be entitled to the appointment of a receiver without regard to waste, adequacy of the security or solvency of the Mortgagor and otherwise in accordance with the provisions of Minnesota Statutes, Chapter 576, or any successor statute thereto, as the same may be amended from time to time. The Mortgagor hereby agrees and consents to the appointment of the particular person or firm (including an officer or employee of the Mortgagee) designated by Mortgagee as receiver and hereby waives its rights to suggest or nominate any person or firm as receiver in opposition to that designated by Mortgagee. The Mortgagee shall have the right, at any time and without limitation, as provided in Minnesota Statutes, Section 582.03, or any successor statute thereto, as the same may be amended from time to time, to advance money to the receiver to pay any part or all of the items which the receiver should otherwise pay if cash were available from the Mortgaged Property and sums so advanced, with interest at the Late Payment Rate, shall be secured hereby, or if advanced during the period of redemption shall be part of the sum required to be paid to redeem from the sale.

The Mortgagor agrees, to the extent permitted from time to time by law, to pay to the Mortgagee any deficiency which may be assessed against the Mortgagor, such deficiency being the difference between (i) the amounts received from foreclosure of this Mortgage and remedies pursued under the Minnesota Uniform Commercial Code or otherwise and (ii) the aggregate amount remaining unpaid as principal of and interest on the outstanding Bonds.

The remedies in this Mortgage are cumulative and not exclusive of any other rights and remedies which the Trustee would otherwise have at law, in equity or by statute, and all such rights and remedies, together with all other rights and remedies of the Trustee under the Indenture, the Loan Agreement, the Assignment of Lease and the other Security Agreements, are cumulative and may be exercised individually, concurrently, successively and in any order.

Section 2.4 Right of Entry. If the Mortgagee exercises one (1) of the remedies provided for in subsection (a), (b), (c), or (d) of Section 2.3 hereof, pursuant to a foreclosure of this Mortgage, the Mortgagee may then or at any time thereafter, to the extent permitted from time to time by law, take complete and peaceful possession of the Mortgaged Property or any portion thereof, and may remove all persons therefrom, and the Mortgagor covenants in any such event, to the extent required from time to time by law, peacefully and quietly to yield up and surrender the Mortgaged Property or such portion thereof to the Mortgagee.

Section 2.5 Assignment of Lease. The Mortgagor has on the date of this Mortgage executed and delivered to the Mortgagee the Assignment of Lease which Assignment of Lease is a document separate and distinct from this Mortgage, and is not secondary to, but is on a parity and of equal dignity with this Mortgage and the provisions herein are intended to, and shall be interpreted to, supplement the terms and provisions set forth in the Assignment of Lease. The foregoing assignment and all related provisions set forth in this Mortgage shall in no way limit the related provisions set forth in the Assignment of Lease.

Section 2.6 Acknowledgment of Waiver of Hearing Before Sale. The Mortgagor understands and agrees that if an Event of Default occurs under the terms of this Mortgage, the Mortgagee has the right, inter alia, to foreclose this Mortgage by advertisement pursuant to Minnesota Statutes, Chapter 580, as hereafter amended, or pursuant to any similar or replacement statute hereafter enacted; that if Mortgagee elects to foreclose by advertisement, it may cause the Mortgaged Property, or any part thereof, to be sold at public auction; that notice of such sale must be published for six (6) successive weeks at least once a week in a newspaper of general circulation and that no personal notice is required to be served upon the Mortgagor. The Mortgagor further understands that in the event of such default Mortgagee may also elect its rights under the Minnesota Uniform Commercial Code and take possession of the collateral, or any part thereof, and dispose of the same by sale or otherwise in one or more parcels provided that at least ten (10) days' prior notice of such disposition must be given, all as provided for by the Minnesota Uniform Commercial Code, as hereafter amended or by any similar or replacement statute hereafter enacted. The Mortgagor further understands that under the Constitution of the United States and the Constitution of the State it may have the right to notice and hearing before the Mortgaged Property may be sold and that the procedure for foreclosure by advertisement described above does not ensure that notice will be given to the Mortgagor and neither said procedure for foreclosure by advertisement nor the Minnesota Uniform Commercial Code requires any hearing or other judicial proceeding. THE MORTGAGOR HEREBY RELINQUISHES, WAIVES AND GIVES UP ANY CONSTITUTIONAL RIGHTS IT MAY HAVE TO NOTICE AND HEARING BEFORE SALE OF THE MORTGAGED PROPERTY AND EXPRESSLY CONSENTS AND AGREES THAT THE MORTGAGED PROPERTY MAY BE FORECLOSED BY ADVERTISEMENT AND THAT THE COLLATERAL MAY BE DISPOSED OF PURSUANT TO THE MINNESOTA UNIFORM COMMERCIAL CODE, ALL AS DESCRIBED ABOVE. THE MORTGAGOR ACKNOWLEDGES THAT IT IS REPRESENTED BY LEGAL COUNSEL; THAT BEFORE

SIGNING THIS DOCUMENT, THIS SECTION AND THE MORTGAGOR'S CONSTITUTIONAL RIGHTS WERE FULLY EXPLAINED BY SUCH COUNSEL AND THAT THE MORTGAGOR UNDERSTANDS THE NATURE AND EXTENT OF THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER.

Section 2.7 Other Rights During an Event of Default.

(a) Purchase by Mortgagee. Upon any foreclosure sale, the Mortgagee may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the Bonds as a credit to the purchase price.

(b) Mortgagor as Tenant Holding Over. In the event of any such foreclosure sale and upon the expiration of any redemption period, the Mortgagor (if the Mortgagor shall remain in possession) shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable thereto.

(c) Waiver of Appraisalment, Valuation, Etc. The Mortgagor agrees, to the full extent permitted by law, that in case of an Event of Default on the part of the Mortgagor hereunder, neither the Mortgagor nor anyone claiming through or under the Mortgagor will assert, claim or seek to take advantage of any appraisalment, valuation, stay, homestead, extension, exemption or laws now or hereafter in force, in order to prevent or hinder the enforcement of foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property, or the delivery of possession thereof immediately after the expiration of redemption following such sale to the purchaser at such sale.

(d) Discontinuance of Proceedings. In case the Mortgagee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then in every such case, the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers, and remedies of the Mortgagee shall continue as if no such proceedings had occurred.

(e) Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings affecting the Mortgagor, its creditors or its properties, the Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Mortgagee allowed in such proceedings for the entire amount due and payable by the Mortgagor under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Mortgagor hereunder after such date.

(f) Actions Without Mortgagor's Consent. The Mortgagor agrees that the Mortgagee may from time to time do any one (1) or all of the following without notice to or the consent of Mortgagor and without affecting the Mortgagee's rights or remedies against the Mortgagor or affecting the priority of this Mortgage, or diminish or relieve in

any manner any liability of the Mortgagor: (i) accept partial payment of, compromise, settle, renew, extend the time for payment or performance of, or refuse to enforce any of the Indenture, the Loan Agreement, or any Security Agreement under or in connection with this Mortgage; (ii) grant any indulgence or forbearance to the Charter School or any other person under or in connection with any or all of the Security Agreements; (iii) release, waive, substitute, change, exchange or add any or all collateral securing payment of the Bonds, the Indenture, or the Loan Agreement or any amounts securing the Lease; (iv) release, waive, substitute change, exchange or add any one (1) or more endorsers or guarantors of any or all of the Indenture, Loan Agreement, or any Security Agreement; and (v) exercise any right or remedy with respect to the Indenture, Loan Agreement, any Security Agreement, or any collateral securing the Bonds, notwithstanding any effect on or impairment of the Mortgagor's subrogation, reimbursement, or other rights against any Person under or in connection with any or all of the Indenture and the Loan Agreement.

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ARTICLE III

REPRESENTATIONS, COVENANTS AND PERMITTED ENCUMBRANCES

Section 3.1 Warranty of Title. The Mortgagor hereby covenants and warrants that it is and will continue to be well and truly seized of good title in fee simple to the Mortgaged Property and that it has good right and lawful authority to convey and grant a lien and security interest in the same to the Mortgagee and that the title, lien, and security interest hereby conveyed is and will forever be free, clear, and unencumbered, subject, however, to Permitted Encumbrances. The Mortgagor covenants and agrees to warrant and defend its good and insurable title to the Mortgaged Property (subject to Permitted Encumbrances) and its good right and lawful authority to grant a lien and security interest in the same to the Mortgagee.

Section 3.2 Permitted Encumbrances. "Permitted Encumbrances" shall mean, with respect to the Mortgaged Property, the following:

(a) liens for taxes, levies, assessments, utility rents, rates and charges, licenses or permits or other impositions, provided that in each case the same shall either (i) not be due and payable; (ii) not be delinquent to the extent that penalties for nonpayment may then be assessed, or the Mortgaged Property or any portion thereof, shall then be subject to forfeiture or (iii) be a lien, the amount or validity of which is being contested in good faith by the Mortgagor in accordance with the Loan Agreement;

(b) mechanics', workmen's, repairmen's, supplier's, vendors' or carriers' liens or other similar liens, provided that the contract price secured by the lien is not yet due or the amount or validity of the lien shall be contested in good faith by the Mortgagor in accordance with the Loan Agreement;

(c) financing statements naming the Issuer or the Mortgagor as debtor and naming the Issuer or the Mortgagee as secured party, filed to perfect the security interests granted by the Indenture, the Loan Agreement, and this Mortgage;

(d) rights of the United States or any state or political subdivision thereof (which for purposes of this definition shall include any taxing or improvement district), or other public or governmental authority or agency, to take, use or control property or to terminate any right, power, franchise, grant, license or permit previously in force;

(e) any leases, subleases, transfers, or assignments permitted under the Loan Agreement;

(f) the pendency or filing of any application or proceedings seeking to annex or rezone the Mortgaged Property or any portion thereof, or to include it in any political subdivision;

(g) those liens, encumbrances, easements, servitudes, licenses, rights-of-way described in EXHIBIT B attached hereto;

(h) the Lease and the Assignment of Lease; and

(i) such minor defects, irregularities, encumbrances, and clouds on title as normally exist with respect to property similar in character to the Mortgaged Property and as do not, in the opinion of Independent Counsel delivered to the Trustee, materially impair the property affected thereby for the purposes of the Mortgaged Property.

Section 3.3 Hazardous Materials. The Mortgagor covenants, warrants and represents to the Mortgagee, its successors and assigns, (i) that to the best of the Mortgagor's knowledge, without independent investigation, no 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 ("**RCRA**"), or the Minnesota Environmental Response and Liability Act, (the "**MERLA**"), or any other federal, state or local environmental laws, statutes, regulations, requirements and ordinances ("**Hazardous Substance**") are present on the Mortgaged Property; (ii) that, to the best of the Mortgagor's knowledge, no part of the Mortgaged Property is listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or in any list of hazardous waste priorities in the State; (iii) that the Mortgagor shall not store, locate, generate, treat or discharge any Hazardous Substance in, on or from the Mortgaged Property except for cleaning and janitorial supplies, science class materials (such as chemicals used for scientific experiments), and other materials ordinarily used in the operation of a K-12 public charter school and in compliance with CERCLA, RCRA, the MERLA, and other applicable federal, state or local environmental laws, statutes, regulations, requirements and ordinances (collectively, "**Environmental Regulations**"), as well as materials ordinarily used in motorized vehicles; and (iv) that the Mortgagor shall cause all Hazardous Substances found on or in the Mortgaged Property (including Hazardous Substances on the Mortgaged Property on the date of the issuance and delivery of the Bonds) to be properly removed therefrom and properly disposed of to the extent required by and in accordance with all applicable Environmental Regulations and shall comply with all applicable Environmental Regulations with respect to the Mortgaged Property. Notwithstanding the forgoing, any lessee of the Mortgaged Property shall be permitted to park motorized vehicles on or about any parking areas of the Mortgaged Property and within any building constituting part of the Mortgaged Property designated for such use. The Mortgagor agrees to indemnify and reimburse the Mortgagee, the registered owners of the Bonds, their successors and assigns, and any successor owner of the Mortgaged Property acquiring title upon foreclosure of the Mortgage or deed in lieu of foreclosure, for any breach of these representations and warranties and from any loss, damage, expense or cost arising out of or incurred by them or any of them which is a result of a breach, misstatement of or misrepresentation of the above covenants, representations and warranties, together with all attorneys' fees incurred in connection with the defense of any action against the Mortgagee arising out of the above unless caused by the Mortgagee's gross negligence or willful misconduct. Promptly after receipt by a person or party indemnified hereunder of notice of commencement of any action in respect of which indemnity may be sought against the Mortgagor under this Section, such person or party will notify the Mortgagor in writing of the commencement thereof and, subject to the provisions hereinafter stated, the Mortgagor shall assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to the Mortgagor and the indemnified person or party) insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Mortgagor. The indemnified person or party shall have the right to employ separate counsel in any such action, and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Mortgagor unless the employment of

such counsel has been specifically authorized by the Mortgagor or unless the Mortgagee believes in good faith that there are defenses available to it which are adverse or in conflict with those available to the Mortgagor or cannot be effectively asserted by common counsel. The Mortgagor shall not be liable to indemnify any person or party for any settlement of any such action effected without the Mortgagor's prior written consent. These covenants, representations and warranties are for the benefit of the Mortgagee, the registered owners of the Bonds, their successors and assigns, and any successor owner of the Mortgaged Property acquiring title upon foreclosure of the Mortgage or deed in lieu of foreclosure, and shall be deemed to survive termination of this Mortgage and shall survive the resignation or removal of the Mortgagee in its capacity as Trustee under the Indenture.

Section 3.4 Assignment of Leases and Rents and Profits. This Mortgage constitutes an absolute and present assignment of the Leases and of the Rents and Profits and shall be fully operative without any further action on the part of either party. This assignment shall constitute a perfected, absolute and present, irrevocable, currently effective assignment of Rents and Profits within the meaning of Minnesota Statutes, Sections 559.17 and 576.25, or any successor statutes thereto, as the same may be amended from time to time, and is intended to comply fully with the provisions thereof, and to afford the Mortgagee, to the fullest extent allowed by law, the rights and remedies of a mortgage lender or secured lender pursuant thereto. The Mortgagee shall be entitled, at its option, upon the occurrence and continuation of an Event of Default hereunder which remains uncured, to all Rents and Profits; provided, however, that so long as no Event of Default has occurred and is continuing hereunder, the Mortgagor is hereby given permission to collect, receive, take, use, and enjoy all such Rents and Profits as these come due and payable, but not in advance thereof, and pursue any remedies for the enforcement of the Leases. Upon an Event of Default hereunder which remains uncured, the Mortgagee may exercise the rights herein granted upon notifying all lessees of any part of the Mortgaged Property (the "**Lessees**") of the right of the Mortgagee to receive such Rents and Profits, and shall instruct such Lessees to pay the same directly to the Mortgagee without any consent from the Mortgagor being required, a copy of this instrument and a statement by the Mortgagee that the Mortgage is in default being sufficient notice to such Lessees of the Mortgagee's rights to collect the same. The Mortgagee shall apply all Rents and Profits collected by the Mortgagee as provided in Minnesota Statutes, Section 576.25, subdivision 5 and any amounts remaining thereafter, shall be applied to the amounts payable under the Indenture and the Loan Agreement and all other obligations secured hereby in such order as set forth in the Indenture. Neither the exercise of any right under this Section 3.4 by the Mortgagee nor the application of any such Rents and Profits to the indebtedness and other sums secured hereby shall cure or waive any default or notice of default or invalidate any act pursuant hereto, but the rights herein granted shall be cumulative of all other rights and remedies.

Receipt by the Mortgagee of Rents shall not constitute a waiver of any right that the Mortgagee may enjoy under this Mortgage or under the laws of the State, nor shall the receipt and application thereof cure any Event of Default hereunder nor affect any foreclosure proceeding or any sale authorized by this Mortgage and the laws of the State. There shall be no merger of any leasehold estate with the fee estate of the Mortgaged Property without the prior written consent of the Mortgagee.

The Mortgagor covenants and agrees that it shall (a) timely observe and perform all of its obligations with respect to the Leases, including without limitation its obligations as lessor under

any lease, and shall not do or permit to be done anything to impair the Mortgagor's right to receive the same; (b) timely enforce or secure the performance of, at its sole costs and expense, every obligation of the Issuer to the Mortgagor under the Lease; (c) not collect any of the Rents and Profits herein assigned in advance of the time when the same become due under the terms of the Lease; (d) not waive or release any lessee from its respective obligation under any lease or other instrument evidencing same except in the ordinary course of the Mortgagor's business; and (e) except in accordance with the terms of the Lease and this Mortgage, and in the ordinary course of the Mortgagor's business, not execute any other assignment thereof or alter, modify or change the terms of any such obligation or cancel, terminate, or accept the surrender of the same.

Should the Mortgagor fail to make any payment or perform any obligation required pursuant to this Section, and after expiration of any applicable cure period, the Mortgagee may elect to make such payment (but shall have no obligation to do so) or perform such obligation, in which event all sums expended by the Mortgagee in making such payment or performing such obligation, together with interest in an amount equal to the Late Payment Rate (as defined in the Indenture) from the date that such expense is incurred by the Mortgagee to the date of payment to the Mortgagee. Any amount so expended by the Mortgagee, together with interest thereon as herein provided, shall constitute part of the indebtedness secured hereby.

Notwithstanding the foregoing, the Mortgagor shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of the School under the Lease; provided, however, any such liability, loss or damage, including costs, expenses and reasonable attorneys' fees incurred in defending against any such claim, shall constitute part of the indebtedness secured hereby.

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ARTICLE IV

REMOVAL OF MORTGAGED PROPERTY; REPRESENTATIONS AND WARRANTIES; ADDITION OF IMPROVEMENTS TO LIEN OF MORTGAGE; RELEASE AND PARTIAL RELEASE

Section 4.1 Removal of Mortgaged Property. The Mortgagor will not physically move any portion of the Mortgaged Property or relocate any portion necessarily incident to its operations to any site which is not a part of the Mortgaged Property unless this Mortgage is appropriately amended to include such site within the lien hereof, provided that unnecessary or obsolete personal property may be removed in accordance with the provisions of the Loan Agreement.

Section 4.2 Representations and Warranties of Mortgagor. The Mortgagor represents, warrants, covenants and agrees that it is duly organized, validly existing and in good standing under the laws of the State, and has all requisite power and authority to conduct its business, to own its properties, and to execute and deliver, and to perform all of its obligations under this Mortgage and any other instrument evidencing and/or securing the indebtedness secured hereby. The execution, delivery, and performance of this Mortgage has been duly authorized by all necessary action (corporate or otherwise) and does not (i) violate any provisions of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award having applicability to the Mortgagor or any other person executing and delivering such instrument or other document; or (ii) result in a breach of, or constitute a default under, any indenture or loan agreement, mortgage, or any other agreement, lease or instruments to which the Mortgagor or such other person or entity is a party or by which it or its properties may be bound or affected. This Mortgage and all other documents being executed in connection herewith constitute the legal, valid and binding obligations of the Mortgagor, and any other person executing the same, as the case may be, enforceable against it or them in accordance with their respective terms. The Mortgagor agrees that until all indebtedness secured hereby is paid in full and all covenants and agreements of the Mortgagor are performed and satisfied, the Mortgagor shall at all times maintain in the State a registered office and a registered agent for the purpose of receiving service of process on behalf of the Mortgagor, all duly registered with the State. The Mortgagor shall perform, observe and comply with all provisions hereof and of the landlord under the Lease.

Section 4.3 Addition of Improvements to Lien of Mortgage. All buildings, structures or improvements which may be acquired or constructed by the Mortgagor subsequent to the date hereof and which are located on the real estate described in EXHIBIT A attached hereto, all property of every kind or nature added to or installed in building, structure or improvement located on said land, and all equipment located on said land, acquired by the Mortgagor after the date hereof, shall, immediately upon the acquisition thereof by the Mortgagor, and without any further conveyance or assignment, become subject to the mortgage, lien and security interest of this Mortgage. Nevertheless, the Mortgagor, will do, execute, acknowledge, and deliver all and every such further actions, conveyances and assurances as the Mortgagee shall require for accomplishing the purpose of this Section.

Section 4.4 Release. Upon (i) payment in full of the Bonds (so that such Bonds are no longer Outstanding under the Indenture), (ii) all amounts due the Mortgagee under this Mortgage

or under the Loan Agreement, and (iii) all other obligations secured by this Mortgage, this Mortgage shall be released of record, and the Mortgagee agrees to execute a release of this Mortgage at the sole cost and expense of the Mortgagor.

Section 4.5 Partial Release of Mortgaged Property. The Mortgagee and the Mortgagor agree and acknowledge that, at the written request of the Charter School and upon compliance with Section ___ of the Tax Regulatory Agreement and Section 8.5 of the Loan Agreement, the Mortgagor may sell a portion of the unimproved Land that constitutes a portion of the Mortgaged Property that is not improved with any permanent structure or vertical improvement necessary for the operating unity and efficiency of the School Facilities (the "**Released Property**"). The Released Property shall be sold for fair market value in an arm's length transaction to a buyer who is not related in any way to the Company or the Charter School or any person who is a key employee or an officer or board member of either the Charter School or the Company. Any and all proceeds from the sale of the Released Property shall be expended within two years of the sale of such Released Property for capital costs of the Project or to redeem a portion of the Series 2022A Bonds. The Mortgagee shall have no duty to determine whether the Released Property has been sold for fair market value in an arm's length transaction to a buyer satisfying the conditions of this paragraph.

Upon subdivision and conveyance of ownership of the Released Property in compliance with Section 8.5 of the Loan Agreement, the lien of this Mortgage shall be released with respect to the Released Property. To effectuate such subdivision, conveyance, and release of the lien on the Released Property, the Mortgagee shall execute a Partial Release of Mortgage and Assignment (the "**Partial Release**") in a form reasonably acceptable to the Mortgagee, acting with the advice of counsel at the sole cost and expense of the Mortgagor.

Notwithstanding any other provision of this Mortgage, the Loan Agreement, or the Indenture, upon satisfaction of the requirements of Section 8.5 of the Loan Agreement and the deposit of the proceeds of the sale of any such Released Property with the Trustee to be held and applied as set forth in the Indenture, then this Mortgage may be amended to provide a revised description of the Land in EXHIBIT A attached hereto (and no other provision) without consent of any Bondholder in order to effectuate the release of the Released Property from the lien of the Mortgage and the revision of the description of the Land that is subject to this Mortgage.

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ARTICLE V

MISCELLANEOUS

Section 5.1 Miscellaneous.

(a) No delay or omission of the Mortgagee or of any holder of the Bonds to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

(b) If the Mortgagee has proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Mortgagee, then, at the option of the Mortgagee, the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had occurred or had been taken.

(c) No right, power or remedy conferred upon or reserved to the Mortgagee by the Indenture, the Loan Agreement, this Mortgage, the Assignment of Lease or any other Security Agreement is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Indenture, the Loan Agreement, this Mortgage, The Assignment of Lease or any other Security Agreement, or now or hereafter existing at law, in equity or by statute and may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by law. The Mortgagee's pursuit of any remedy shall not preclude pursuit of any other remedy until the Mortgagee shall have recovered all sums due the Mortgagee, together with interest thereon at the Late Payment Rate and all costs of collection, including reasonable attorneys' fees and appellate attorneys' fees, with interest thereon at the Late Payment Rate.

(d) In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein shall be in no way affected, prejudiced or disturbed thereby and the provision deemed invalid, illegal or unenforceable shall be severed herefrom.

(e) The acceptance by the Mortgagee of any payment which is less than full payment of all amounts due and payable at the time of such payment, even if made by one other than the Mortgagor, shall not constitute a waiver of the Mortgagee's right to exercise its option to declare all amounts payable under the Indenture, Bonds, or Loan Agreement, then remaining unpaid, together with all accrued interest thereon, immediately due and payable without notice or to exercise any other rights of the Mortgagee except and as to the extent otherwise provided by law or this Mortgage.

(f) THE MORTGAGOR AND, BY ITS ACCEPTANCE HEREOF, THE MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE, AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE MORTGAGEE ENTERING INTO THE INDENTURE AND THE SECURITY AGREEMENTS TO WHICH IT IS A PARTY, PURSUANT TO WHICH THE MORTGAGOR RECEIVES A SUBSTANTIAL AND MATERIAL BENEFIT.

(g) Time is of the essence of all provisions of this Mortgage.

(h) The Mortgagor represents and warrants that the Mortgaged Property does not include real estate used for residential purposes by the Mortgagor and that no portion of the Mortgaged Property (i) is in "agricultural use" (as defined in Minnesota Statutes, Section 40A.02, subdivision 3, or any successor statute thereto, as the same may be amended from time to time); (ii) is being used for an "agricultural purpose" (as defined in Minnesota Statutes, Section 273.13, subdivision 23, or any successor statute thereto, as the same may be amended from time to time); (iii) is being used for the production, grading, sorting or packaging of "agricultural products" (as defined in Minnesota Statutes, Section 273.13, subdivision 23, or any successor statute thereto, as the same may be amended from time to time); (iv) is classified for ad valorem tax purposes as class 2b rural or agricultural non-homestead property under Minnesota Statutes, Section 273.13, subdivision 23, or any successor statute thereto, as the same may be amended from time to time); (v) is being used in the production of agricultural products or crops, livestock or livestock products, milk or milk products or fruit or other horticultural products (collectively, "**Farming**") or (vi) is capable of being used for Farming.

(i) There are no individual sewage treatment systems on or serving the Mortgaged Property, within the meaning of Minnesota Statutes, Section 115.55, or any successor statute thereto, as the same may be amended from time to time.

(j) In the event any provision of this Mortgage requires the approval, consent, or action by the Mortgagee, the Mortgagee must undertake to grant or deny such approval or consent, or perform such action, only subject to and as directed by the terms of the Indenture, and may, in the Mortgagee's and sole discretion, require direction of the Majority Bondholders prior to undertaking any such approval, consent, or action.

Section 5.2 Recording and Title Insurance. The Mortgagor will cause this Mortgage and all supplements hereto and any other instruments of further assurance to be promptly recorded, filed, and registered, and at all times to be recorded, filed, and registered, in such manner and in such places as may be required by law fully to preserve and protect the rights of the Mortgagee hereunder as to all Mortgaged Property.

The Mortgagor will obtain, and upon request, furnish to the Mortgagee simultaneously with the recordation and filing of this Mortgage, an ALTA form of Mortgagee insurance policy naming the Mortgagee as mortgagee, insuring that the Mortgagor has good and marketable fee simple title to the real estate comprising the Mortgaged Property, subject only to this Mortgage and Permitted Encumbrances as defined herein.

Section 5.3 Binding Effect; Mortgage Covenants. All terms, covenants, conditions, and agreements of the Mortgagor contained herein or set forth in this Mortgage shall be binding upon the Mortgagor, its successors and assigns, and every covenant, condition and agreement herein contained or set forth in the Loan Agreement or the Indenture in favor of the Mortgagee shall apply to and inure to the benefit of the Mortgagee, its successors or assigns. This Mortgage is expressly made subject to all terms, conditions, covenants, and agreements set forth in the Loan Agreement and the Indenture. The representations and warranties made in this Mortgage shall survive the closing of the financing transaction contemplated hereby and remain valid and effective for the term of this Mortgage. The representations and warranties made in this Mortgage shall survive the closing of the financing transaction contemplated hereby and remain valid and effective for the term of this Mortgage.

This Mortgage shall be governed by the laws of the State. This Mortgage contains Minnesota mortgage covenants and is subject to Minnesota statutory mortgage conditions for the breach of which it is subject to foreclosure as required by law.

Section 5.4 Amendments. Except as provided in Section 4.5 hereof and Article XI of the Indenture, this Mortgage may not be amended. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Section 5.5 Use of Mortgaged Property; Redemption; Insurance. It is recognized by the parties hereto that unless and until an Event of Default shall have occurred under the Loan Agreement, and the Mortgagee shall have exercised one of the remedies under Article II hereof, the Mortgagor shall have the unencumbered right to the use of the Mortgaged Property in the ordinary course of its business, subject to the Loan Agreement. The Mortgagor has agreed in Article IV of the Loan Agreement to maintain specific types of insurance in specific amounts.

Section 5.6 Exercise of Mortgagee Rights. All proceeds obtained by the Mortgagee in the exercise of rights and remedies hereunder shall be applied as set forth in Article VIII of the Indenture.

Section 5.7 This Instrument Is a Fixture Financing Statement. This instrument shall be deemed to be a Fixture Financing Statement within the meaning of the Minnesota Uniform Commercial Code:

Name and Address of Debtor:

PCS Building Company
7250 E Ramsey Parkway NW
Ramsey, MN 55303-6902

Name and Address of Secured Party:

U.S. Bank Trust Company, National Association
Mail Station: EP-MN-WS3C
60 Livingston Avenue, 3rd Floor
St. Paul, MN 55107

Description of the Types (or items) of property covered by this Financing Statement:

See Section 2.1 hereof

Description of real estate to which all or a part of the collateral is attached or upon which it is located:

See EXHIBIT A attached hereto.

Some of the above-described collateral is or is to become fixtures or trade fixtures upon the real estate described upon EXHIBIT A hereto, and this Financing Statement is to be filed for record in the real estate records of Anoka County, Minnesota.

Section 5.8 Counterparts. This Mortgage may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.9 Notices. All notices, certificates or other communication required to be given to the Mortgagor and the Mortgagee in accordance with the provisions of the Mortgage shall be given to those parties at the addresses set forth in Section 5.7 hereof or at such other addresses as the parties may direct by written notice to each other.

Section 5.10 Assignment. The obligations of the Mortgagor under this Mortgage may be assigned to the transferee upon a transfer permitted under Section 8.1 of the Loan Agreement.

Section 5.11 Additional Covenants. The Mortgagor hereby covenants and agrees well and truly to abide by, perform and be governed and restricted by each and all of the matters provided for by the Loan Agreement and the Indenture and so incorporated herein to the same extent and with the same force and effect as if each and all of said representations, warranties, terms, provisions, restrictions, covenants, and agreements so incorporated hereby by reference were set out and repeated herein at length. Any provisions governing the rights, immunities and protections of the Trustee under the Loan Agreement and the Indenture are incorporated by reference into this Mortgage as being applied to the Mortgagee as though fully set forth herein.

(The remainder of this page is intentionally left blank.)

Execution page of the Mortgagee to the Mortgage, Security Agreement, and Assignment of Rents, dated as of the date and year first written above.

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION**
as Trustee and Mortgagee

By _____
Its _____

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of September, 2022,
by _____, the _____ of U.S. Bank
Trust Company, National Association, a national banking association, on behalf of the Mortgagee.

Notary Public

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION

The real property situated in the City of Ramsey, County of Anoka, State of Minnesota, described as follows:

EXHIBIT B
PERMITTED ENCUMBRANCES

1.