

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: November 4, 2019
Item No.: 7.a

Department Approval



City Manager Approval

Item Description: Public Hearing to Authorize the Issuance, Sale, and Delivery of Multifamily Housing Revenue Note for Twin Lakes Family Apartments Project

BACKGROUND

At the July 15, 2019 City Council meeting, the Council adopted resolutions setting a public hearing and provided preliminary approval to the issuance of tax-exempt bonds on behalf of Roseville Leased Housing Associates I, LLLP (Dominium). This was done in order to allow for Dominium to apply for \$48,000,000 in Tax Exempt Bonds due August 1, 2019 to the Minnesota Department of Management and Budget. Dominium was awarded partial funding for the family housing project in the amount of \$4,346,852. At this time in order to reserve this amount of bonds awarded the City needs to authorize the issuance, sale and delivery of the multifamily housing revenue note and hold a public hearing. The developer will be submitting for the additional amount of bonds needed to finance the development in January 2020.

The purpose of the public hearing is to allow for public comment on the proceeds to be expended. No special action is required by Council at the hearing. The process entails opening a public hearing, allowing for public comment (if any), and closing the public hearing.

When issued, the bonds themselves are considered conduit (pass-through) debt and do not constitute a legal or moral obligation in any way to the City. The City is merely lending our bonding authority on behalf of the developer to build affordable housing. The actual financing is secured through another lender. The following portion of the Twin Lakes Station project is what the City Council is assisting with:

- Twin Lakes Family Apartment Project: construction of an approximately 292,698 square-foot rentable apartment community that will consist of an approximately 228-unit multifamily housing development for low- and moderate-income households, expected to be known as Twin Lakes Family Apartments, located at 1717 and 1743 County Road C West, in Roseville.

• Daniel Burns from Briggs and Morgan will be at the meeting to address any questions the Council may have.

Financial Implications

Pass-through financings such as these typically result in only nominal administrative costs to the City. The borrower incurs all of the costs for preparation of the necessary documents and the sale of the bonds. They also pay for the legal review conducted by the City's bond counsel. To offset these administrative costs and in recognition of the value associated with the City's bonding authority, the City will be collecting 1% of the amount financed at this time. This is outlined in Section II-8 of the City's Conduit Debt Financing Policy.

36 **STAFF RECOMMENDATION**
37 Staff recommends adopting the attached resolution authorizing the issuance, sale and delivery of
38 multifamily housing revenue note for Twin Lake Family Apartments on behalf of Roseville Leased
39 Housing Associates I LLLP.

40 **REQUESTED COUNCIL ACTION**
41 Adopt the attached resolution authorizing the issuance, sale and delivery of multifamily housing
42 revenue note for Twin Lake Family Apartments on behalf of Roseville Leased Housing Associates
43 I, LLLP.

44

Prepared by: Jason Schirmacher, Interim Finance Director, 651-792-7032
Attachments: A: Resolution authorizing the issuance, sale, and delivery of Multifamily Housing Revenue Note
B: Loan Agreement
C: Pledge Agreement
D: Disbursement Agreement
E: Regulatory Agreement
F: Form of Note

42 and functionally related facilities to be located at 1717 and 1743 County Road C West in the City
43 (the “Project”); and

44 WHEREAS, on July 15, 2019, the City Council of the City (the “City Council”) adopted
45 Resolution No. 11620 (the “Preliminary Resolution”) which constitutes a reimbursement
46 resolution and an official intent of the City to reimburse expenditures with respect to the Project
47 from the proceeds of tax-exempt revenue bonds in accordance with the provisions of Treasury
48 Regulations, Section 1.150-2; and

49 WHEREAS, also under the terms of the Preliminary Resolution, the City: (i) granted
50 preliminary approval to the issuance of multifamily housing revenue obligations under the terms
51 of the Act to finance the Project; (ii) authorized the submission of an application to the Minnesota
52 Department of Management and Budget (“MMB”) for an allocation of bonding authority under
53 Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”), in a principal amount not
54 to exceed \$48,000,000; and (iii) acknowledged the preparation of a housing program in accordance
55 with the requirements of the Act; and

56 WHEREAS, the City received a certificate of allocation from Minnesota Management and
57 Budget allocating volume cap bonding authority to the City in the amount of \$4,346,852 for the
58 issuance of the Note; and

59 WHEREAS, the City has prepared a housing program (the “Housing Program”) to
60 authorize the issuance by the City of revenue bonds in the maximum principal amount of
61 \$48,000,000 to finance the acquisition, construction, and equipping of the Project; and

62 WHEREAS, a notice of public hearing (the “Public Notice”) was published in accordance
63 with the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”),
64 with respect to: (i) the required public hearing under the Code; (ii) the required public hearing
65 under Section 462C.04, subdivision 2, of the Act; (iii) the Housing Program; and (iv) approval of
66 the issuance of the Note; and

67 WHEREAS, the Public Notice was published at least 15 days before the regularly
68 scheduled meeting of the City Council, and on November 4, 2019, the City Council conducted a
69 public hearing at which a reasonable opportunity was provided for interested individuals to express
70 their views, both orally and in writing; and

71 WHEREAS, pursuant to Section 462C.04 of the Act, the City made timely submission of
72 the Housing Program to the Metropolitan Council for its review and comment, and the City has
73 heretofore received no comment from the Metropolitan Council on such program; and

74 WHEREAS, the Borrower has requested that the City issue, sell, and deliver the Note, in
75 an original aggregate principal amount not to exceed \$4,346,852; and

76 WHEREAS, sufficient details of the Note and other aspects of the financing have been
77 agreed to that this final bond resolution should be adopted on this date accepting a proposal for
78 issuance of the Note.

79 NOW, THEREFORE, BE IT RESOLVED;

80 **SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.**

81 1.1 Findings. The City hereby finds, determines and declares as follows:

82 (a) The issuance and sale of the Note by the City, pursuant to the Act, is in the
83 best interest of the City, and the City hereby determines to issue the Note and to sell the
84 Note to Bridgewater Bank, a Minnesota banking corporation, or another bank selected by
85 the Borrower (the “Purchaser”). The City will loan the proceeds of the Note (the “Loan”)
86 to the Borrower in order to finance the Project.

87 (b) Pursuant to a Loan Agreement (the “Loan Agreement”) to be entered into
88 between the City and the Borrower, the City will loan to the Borrower the proceeds of the
89 Note as set forth therein and the Borrower will agree to repay the Loan in specified amounts
90 and at specified times sufficient to pay in full when due the principal of, premium, if any,
91 and interest on the Note. In addition, the Loan Agreement contains provisions relating to
92 the construction, maintenance, and operation of the Project, indemnification, insurance,
93 and other agreements and covenants which are required or permitted by the Act and which
94 the City and the Borrower deem necessary or desirable for the financing of the Project.

95 (c) Pursuant to a Pledge Agreement between the City and the Purchaser (the
96 “Pledge Agreement”), the City will pledge and grant a security interest in all of its rights,
97 title, and interest in the Loan Agreement to the Purchaser (except for certain rights of
98 indemnification and to reimbursement for certain costs and expenses).

99 (d) The proceeds of the Note will be disbursed pursuant to a Disbursing
100 Agreement (the “Disbursing Agreement”) by and between the Borrower and the Purchaser.

101 (e) Certain rental and occupancy requirements of federal and state law are set
102 forth in a Regulatory Agreement (the “Regulatory Agreement”) by and between the City,
103 the Borrower, and the Purchaser.

104 (f) The Note will be a special, limited obligation of the City. No holder of the
105 Note shall ever have the right to compel any exercise of the taxing power of the City to pay
106 the Note or the interest thereon, nor to enforce payment thereof against any property of the
107 City. The Note and the interest thereon: (i) shall be payable solely from the revenues
108 pledged therefor under the Loan Agreement; (ii) shall not constitute a debt of the City
109 within the meaning of any constitutional, charter, or statutory limitation; (iii) shall not
110 constitute nor give rise to a pecuniary liability of the City or a charge against its general
111 credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or
112 equitable, upon any property of the City other than the City’s interest in the Loan
113 Agreement, which will be assigned to the Purchaser under the Pledge Agreement; and (v)
114 shall not constitute a general or moral obligation of the City.

115 (g) It is desirable, feasible and consistent with the objects and purposes of the
116 Act to issue the Note for the purpose of financing the costs of the Project.

117 (h) The Project constitutes a “qualified residential rental project” within the
118 meaning of Section 142(d) of the Code, and a “multifamily housing development”
119 authorized by the Act, and furthers the purposes of the Act.

120 (i) The purpose of the Project is, and the effect thereof will be, to promote the
121 public welfare by the acquisition and construction of a facility for use as a multifamily
122 housing development designed primarily for occupancy by persons of low and moderate
123 income.

124 (j) The Act authorizes (i) the acquisition and construction of the Project, (ii) the
125 issuance and sale of the Note, (iii) the execution and delivery by the City of the Loan
126 Agreement, Regulatory Agreement, and Pledge Agreement (the “City Agreements”), (iv)
127 the performance of all covenants and agreements of the City contained in the City
128 Agreements and any other documents reasonably necessary to effectuate the intent of this
129 resolution, and (v) the performance of all other acts and things required under the
130 constitution and laws of the State of Minnesota to make the City Agreements and the Note
131 valid and binding special, limited obligations of the City in accordance with its terms.

132 (k) It is desirable that the Borrower be authorized, subject to the terms and
133 conditions set forth in the Loan Agreement, which terms and conditions the City
134 determines, based on representations of the Borrower, to be necessary, desirable, and
135 proper, to complete the acquisition, construction, and installation of the Project by such
136 means as shall be available to the Borrower and in the manner determined by the Borrower,
137 and with or without advertisement for bids as required for the acquisition and installation
138 of municipal facilities.

139 (l) The payments under the Loan Agreement are fixed to produce revenue
140 sufficient to provide for the prompt payment of principal of, premium, if any, and interest
141 on the Note when due, and the Loan Agreement also provides that the Borrower is required
142 to pay all expenses of the operation and maintenance of the Project, including, but without
143 limitation, adequate insurance thereon and insurance against all liability for injury to
144 persons or property arising from the operation thereof, and all taxes and special
145 assessments levied upon or with respect to the Project and payable during the term of the
146 Loan Agreement.

147 (m) There is no litigation pending or, to the actual knowledge of the City,
148 threatened against the City questioning the City’s execution or delivery of the Note or the
149 City Agreements or questioning the due organization of the City, or the powers or authority
150 of the City to issue the Note and undertake the transactions contemplated hereby.

151 (n) The execution, delivery, and performance of the City’s obligations under
152 the Note and the City Agreements do not and will not violate any order against the City of
153 any court or other agency of government, or any indenture, agreement, or other instrument
154 to which the City is a party or by which it or any of its property is bound, or be in conflict
155 with, result in a breach of, or constitute (with due notice or lapse of time or both) a default
156 under any such indenture, agreement or other instrument.

157 (o) The City hereby finds, determines, and declares, based on representations
158 of the Borrower, that it is in the public interest of the residents of the City that the Project
159 be undertaken in order to further the public purpose by providing multifamily housing
160 developments for low or moderate income residents of the City and otherwise further the
161 purposes and policies of the Act.

162 1.2 Authorization and Ratification of Project. The City has heretofore and does hereby
163 authorize the Borrower, in accordance with the provisions of the Act and subject to the terms and
164 conditions imposed by the Purchaser, to provide for the acquisition and construction of the Project
165 by such means as shall be available to the Borrower and in the manner determined by the Borrower,
166 and without advertisement for bids as may be required for the construction and acquisition of other
167 municipal facilities; and the City hereby ratifies, affirms, and approves all actions heretofore taken
168 by the Borrower consistent with and in anticipation of such authority.

169 AND BE IT FURTHER RESOLVED;

170

171 **SECTION 2. THE NOTE.**

172 2.1 Authorized Maximum Amount and Form of Note and Interest Rate. The Note is
173 hereby approved and shall be issued pursuant to this Resolution in substantially the form on file
174 with the City with such appropriate variations, omissions, and insertions as are necessary and
175 appropriate and are permitted or required by this Resolution, and in accordance with the further
176 provisions thereof; and the principal amount of the Note that may be outstanding hereunder is
177 expressly limited to \$4,346,852, unless a duplicate Note is issued pursuant to Section 2.6. The
178 actual amount of the Note shall be determined by the agreement of the Purchaser and the Borrower
179 and any of the officers specified in Section 2.3 prior to the issuance of the Note. The Note will
180 bear interest at the rates, mature in the years and amounts and be subject to redemption on the dates
181 determined by the Borrower and the Purchaser and set forth in the Note executed by the Authorized
182 Officers. The sale of the Note to the Purchaser at a purchase price equal to its stated amount is
183 hereby accepted.

184 2.2 The Note. The Note shall be dated as of the date of delivery to the Purchaser, shall
185 be payable at the time and in the manner and shall be subject to such other terms and conditions
186 as are set forth therein.

187 2.3 Execution of Note. The Note shall be executed on behalf of the City by the Mayor
188 and the City Manager (the "Authorized Officers"). In case any Authorized Officer whose signature
189 shall appear on the Note shall cease to be such officer before the delivery of the Note, such
190 signature shall nevertheless be valid and sufficient for all purposes, the same as if such signatory
191 had remained in office until delivery. In the event of the absence or disability of the Authorized
192 Officer, such officers of the City as, in the opinion of the City Attorney, may act in their behalf,
193 shall without further act or authorization of the City execute and deliver the Note.

194 2.4 Disposition of Note Proceeds. Upon delivery of the Note to the Purchaser, the
195 Purchaser shall, on behalf of the City, disburse the purchase price thereof for payment of Project
196 Costs in accordance with the terms of a Disbursing Agreement or the Purchaser shall advance the

197 proceeds of the Note to the Borrower, on behalf of the City, pursuant to the terms of a Disbursing
198 Agreement.

199 2.5 Registration of Transfer. The City will cause to be kept at the office of the City
200 Manager of the City a Note Register in which, subject to such reasonable regulations as it may
201 prescribe, the City shall provide for the registration of transfers of ownership of the Note. The
202 Note shall be initially registered in the name of the Purchaser and shall be transferable upon the
203 Note Register for such Note by the holder thereof in person or by its agent duly authorized in
204 writing, upon surrender of such Note together with a written instrument of transfer satisfactory to
205 the City Manager, duly executed by the then holder thereof or its duly authorized agent. The City
206 may require, as a precondition to any transfer, that the transferee provide evidence satisfactory to
207 the City that the transferee is a financial institution or other accredited investor under the securities
208 laws. The following form of assignment shall be sufficient for said purpose.

209 For value received _____ hereby sells, assigns, and transfers unto
210 _____ the attached Note of the City of Roseville, Minnesota, and does
211 hereby irrevocably constitute and appoint _____ attorney to
212 transfer said Note on the books of said City, with full power of substitution in the
213 premises. The undersigned certifies that the transfer is made in accordance with
214 the provisions of Sections 2.5 and 2.8 of the Resolution authorizing the issuance of
215 the Note.

216 Dated: _____

217 _____
218 Registered Owner

219 Upon such transfer the City Manager shall note the date of registration and the name and address
220 of the successor holder in the Note Register and in the registration blank appearing on the Note.

221 2.6 Mutilated, Lost or Destroyed Note. In case the Note shall become mutilated or be
222 destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and delivered
223 a new Note of like outstanding principal amount, number and tenor in exchange and substitution
224 for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note
225 destroyed or lost, upon the payment by the registered holder thereof of the reasonable expenses
226 and charges of the City in connection therewith, and in the case of a Note destroyed or lost, the
227 filing with the City of evidence satisfactory to the City with indemnity satisfactory to it. If the
228 mutilated, destroyed or lost Note has already matured or been called for redemption in accordance
229 with its terms it shall not be necessary to issue a new Note prior to payment.

230 2.7 Ownership of Note. The City may deem and treat the person in whose name the
231 Note is last registered in the Note Register and by notation on the Note, whether or not such Note
232 shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or
233 on account of the Principal Balance, redemption price or interest and for all other purposes
234 whatsoever, and the City shall not be affected by any notice to the contrary.

235 2.8 Limitation on Note Transfers. The Note has been issued without registration under
236 state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note

237 may not be assigned or transferred in whole or part, nor may a participation interest in the Note be
238 given pursuant to any participation agreement, except to a financial institution or other accredited
239 investor and as an exempt security or as an exempt transaction and in principal amounts of at least
240 \$100,000.

241 AND BE IT FURTHER RESOLVED;

242

243 **SECTION 3. MISCELLANEOUS.**

244 3.1 Severability. If any provision of this Resolution shall be held or deemed to be or
245 shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction
246 or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any
247 constitution or statute or rule or public policy, or for any other reason, such circumstances shall
248 not have the effect of rendering the provision in question inoperative or unenforceable in any other
249 case or circumstance, or of rendering any other provision or provisions contained herein invalid,
250 inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases,
251 sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining
252 portions of this Resolution or any part thereof.

253 3.2 Authentication of Transcript. The officers of the City are directed to furnish to
254 Bond Counsel certified copies of this Resolution and all documents referred to herein, and
255 affidavits or certificates as to all other matters which are reasonably necessary to evidence the
256 validity of the Note. All such certified copies, certificates, and affidavits, including any heretofore
257 furnished, shall constitute recitals of the City as to the correctness of all statements contained
258 therein.

259 3.3 Authorization to Execute Agreements. The forms of the proposed City Agreements
260 are hereby approved in substantially the forms on file with the City, together with such additional
261 details therein as may be necessary and appropriate and such modifications thereof, deletions
262 therefrom and additions thereto as may be necessary and appropriate and approved by Bond
263 Counsel prior to the execution of the documents, and the Authorized Officers are authorized to
264 execute the Note and the City Agreements in the name of and on behalf of the City, together with
265 such other documents as Bond Counsel considers appropriate in connection with the issuance of
266 the Note (collectively, the "Financing Documents"). In the event of the absence or disability of
267 any of the Authorized Officers, such officers of the City as, in the opinion of the City Attorney for
268 the City, may act in their behalf shall without further act or authorization of the City Council of
269 the City do all things and execute all instruments and documents required to be done or executed
270 by such absent or disabled officers. The execution of any instrument by the appropriate officer or
271 officers of the City herein authorized shall be conclusive evidence of the approval of such
272 documents in accordance with the terms hereof.

273 3.4 Program. The City has established a governmental program of acquiring purpose
274 investments for qualified residential rental projects. The governmental program is one in which
275 the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt
276 obligations shall be met:

277 (a) the program involves the origination or acquisition of purpose investments;

278 (b) at least 95% of the cost of the purpose investments acquired under the
279 program represents one or more loans to a substantial number of persons representing the
280 general public, states or political subdivisions, 501(c)(3) organizations, persons who
281 provide housing and related facilities, or any combination of the foregoing;

282 (c) at least 95% of the receipts from the purpose investments are used to pay
283 principal, interest, or redemption prices on issues that financed the program, to pay or
284 reimburse administrative costs of those issues or of the program, to pay or reimburse
285 anticipated future losses directly related to the program, to finance additional purpose
286 investments for the same general purposes of the program, or to redeem and retire
287 governmental obligations at the next earliest possible date of redemption;

288 (d) the program documents prohibit any obligor on a purpose investment
289 financed by the program or any related party to that obligor from purchasing bonds of an
290 issue that finances the program in an amount related to the amount of the purpose
291 investment acquired from that obligor; and

292 (e) the City shall not waive the right to treat the investment as a program
293 investment.

294 3.5 Housing Program. The Housing Program in substantially the form attached hereto
295 as Exhibit A is hereby approved.

296 3.6 Costs; Indemnification by Borrower. The Borrower has agreed and it is hereby
297 determined that any and all costs incurred by the City in connection with the financing and
298 refinancing of the Project whether or not the Project is carried to completion will be paid by the
299 Borrower. In addition, on or prior to the date of issuance of the Note, the Borrower will pay the
300 City an administrative fee as provided in the Loan Agreement in connection with the issuance of
301 the Note which will also constitute payment of the City's administrative fee with respect to a tax
302 exempt financing issued to refund the Note. It is understood and agreed that the Borrower shall
303 indemnify the City against all liabilities, losses, damages, costs, and expenses (including attorney's
304 fees and expenses incurred by the City) arising with respect to the Project or the Note, as further
305 provided for and agreed to by and between the Borrower and the City in the Loan Agreement.

306 3.7 Headings; Terms. Paragraph headings in this resolution are for convenience of
307 reference only and are not a part hereof, and shall not limit or define the meaning of any provision
308 hereof. Capitalized terms used, but not defined, herein shall have the meanings given them in, or
309 pursuant to, the Loan Agreement.

310 AND BE IT FURTHER RESOLVED;

311

312 **SECTION 4. EFFECTIVE DATE.**

313 This resolution shall be in full force and effect from and after its passage.

314 The motion for the adoption of the foregoing resolution was duly seconded by Member ,
315 and upon a vote being taken thereon, the following voted in favor thereof: , , ,
316 , and Mayor .

317 and the following voted against the same: .

318

319 WHEREUPON said resolution was declared duly passed and adopted.

320

321 **Exhibit A**

322
323 MULTI-FAMILY RENTAL HOUSING PROGRAM OF THE
324 CITY OF ROSEVILLE, MINNESOTA
325 FOR
326 TWIN LAKES FAMILY APARTMENTS PROJECT

327 November 4, 2019

328 Proposal; Authority. The City of Roseville, Minnesota (the “City”), at the request of the
329 Borrower (defined below), proposes to issue revenue bonds, in one or more series, to assist in
330 financing the acquisition and construction of a multi-family rental housing project described herein
331 (this “Program”) pursuant to applicable authority conferred upon the City by the laws of the State
332 of Minnesota, including without limitation Minnesota Statutes, Chapter 462C, as the same may be
333 amended from time to time (collectively, the “Act”).

334 Purposes. In creating this Program, the City is acting in furtherance of its findings that the
335 preservation of the quality of life in the City is in part dependent upon the maintenance and
336 provision of adequate, decent, safe, sanitary, and affordable housing stock; that accomplishing the
337 goals of this Program is a public purpose and will benefit the residents of the City; that the need
338 exists within the City to provide in a timely fashion additional affordable rental housing to and for
339 the benefit of persons of low and moderate income and their families residing and expected to
340 reside within the City; that there exist or are expected to exist persons and families within the City
341 who are and will be able to benefit from and are in need of the Program; that the Program is
342 necessary in view of the limited resources that may be available to such persons relative to the
343 expenses involved in accomplishing the type of objectives outlined in this Program in the absence
344 of one or more of the forms of assistance described herein or otherwise available pursuant to the
345 Act; and that the City hereby finds that such forms of assistance are often necessary for the benefit
346 of such persons, families, and goals and that, furthermore, the successful implementation of the
347 objectives of the kind described in this Program has been found to provide impetus for the
348 development of other housing in the City, as well as the general development of the City, by other
349 persons who are not the beneficiaries of such governmentally sponsored or assisted activities.

350 Rental Housing Purposes. More particularly, the City finds that there exists a need for
351 affordable multi-family rental housing for qualifying individuals and families, which need is not
352 being filled by private enterprise alone due to a variety of factors, including that the cost of new
353 construction of multi-family rental units may in many cases prove economically unfeasible, given
354 the high costs of construction and prevailing area rental levels, and that therefore appropriate levels
355 of public assistance may be helpful and necessary in bridging that gap.

356 General Description of the Program. This Program consists of the financing of the
357 acquisition and construction of an approximately 293,549 square-foot rentable apartment
358 community that will consist of an approximately 228-unit multi-family housing development
359 known as Twin Lakes Family Apartments (the “Project”). The owner of the Project pursuant to
360 the financing will be Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability
361 limited partnership (the “Borrower”), with Roseville Leased Housing Associates I, LLC, a
362 Minnesota limited liability company, as general partner.

363 Location. This Program is limited to the Project. The Project is located at 1717 and 1743
364 County Road C West, in Roseville, Minnesota.

365 Units. The Project is currently anticipated to consist of the following units:

<u>Units</u>	<u>Number of Units</u>	<u>Square Footage</u>	<u>Estimated Initial Rents</u>
1 BR / 1 BA	43	723	\$1,090
2 BR / 2 BA	119	1,050	\$1,307
3 BR / 2 BA	66	1,260	\$1,507

366
367 Revenue Bonds. The amount of revenue bonds required to finance this Program will not
368 exceed \$48,000,000. The City preliminarily intends to finance the Program by issuing bonds, in
369 one or more series. The proceeds will finance the acquisition and construction of the Project and
370 pay costs of issuing the bonds. The revenue bonds are expected to be issued in 2019 and 2020,
371 subject to final Council approval in its sole and absolute discretion.

372 Monitoring. The City expects to enter into suitable agreements with the Borrower, the
373 purchaser of the bonds and/or others respecting the monitoring or implementation by participants
374 to ensure that the Project will be consistent with this housing Program and its objectives, which
375 for this purpose means providing affordable rental housing.

376 Meeting Needs; Methods. The Program will meet the need for rental housing for persons
377 and families of low and moderate incomes by providing units at an affordable rent. The City
378 believes that this Program will help meet the identified needs under this Program. The specific
379 methods anticipated to be used include the issuance of revenue bonds under the Act to provide
380 feasible financing for various aspects of the Program so undertaken.

381 Authorization. The Program is undertaken pursuant to Minnesota Statutes, Section
382 462C.05, Subdivision 2, for units affordable to persons and families of low and moderate income.

383 Limits on Gross Income. In connection with the issuance of the Bonds, the Borrower will
384 be required to agree to limit the gross income of occupants of the Project in accordance with the
385 requirements of Minnesota Statutes, Chapter 462C, and with the requirements relating to tax-
386 exempt bonds for qualified residential rental projects.

387 Adopted and approved on November 4, 2019, by the City Council of the City of Roseville,
388 Minnesota.

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

I, the undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 4th day of, November, 2019 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this day of , 2019

SEAL

Patrick J. Trudgeon, City Manager

LOAN AGREEMENT
BETWEEN
CITY OF ROSEVILLE, MINNESOTA
AND
ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP

Dated as of _____, 2019

Except for certain reserved rights, the interest of the City of Roseville, Minnesota, in this Loan Agreement has been pledged and assigned to Bridgewater Bank, pursuant to a Pledge Agreement of even date herewith.

This instrument drafted by:
Briggs and Morgan, Professional Association (CJC)
80 South 8th Street, Suite 2200
Minneapolis, Minnesota 55402

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THIS LOAN AGREEMENT dated as of _____, 2019, between CITY OF ROSEVILLE, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “Issuer”) and ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”), witnesses that:

RECITALS

WHEREAS, Minnesota Statutes, Chapter 462C, as amended (the “Act”), authorizes the Issuer to issue revenue obligations to finance the acquisition, construction, rehabilitation, and equipping of multifamily housing developments; and

WHEREAS, the Issuer will issue the Note pursuant to this Loan Agreement, a resolution adopted by the City Council of the Issuer on November 4, 2019 and the Act; and

WHEREAS, the Note will be purchased by Bridgewater Bank, a Minnesota banking corporation (the “Purchaser”); and

WHEREAS, the Borrower agrees to be absolutely and unconditionally obligated to repay the Loan together with interest thereon, at times and in amounts sufficient to pay when due the principal of and interest on the Note; and

NOW THEREFORE, the Issuer and the Borrower each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1 Definitions. In this Agreement the following terms have the following respective meanings unless the context hereof clearly requires otherwise:

Act: Minnesota Statutes, Chapter 462C, as amended;

Agreement: this Loan Agreement between the Issuer and the Borrower as the same may from time to time be amended or supplemented as herein provided;

Bond Counsel: the firm of Briggs and Morgan, Professional Association, of Minneapolis, Minnesota; any opinion of Bond Counsel shall be a written opinion signed by such Bond Counsel;

Borrower: Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, its successors and assigns, and any surviving, resulting or transferee business entity which may assume its obligations in accordance with the provisions of this Agreement;

Borrower Tax Certificate: the Borrower Tax Certificate, dated the date of Closing, executed and delivered by the Borrower in connection with the issuance of the Note;

Business Day: any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Purchaser is located are not open for business or other day on which the New York Stock Exchange is not open for business;

City: City of Roseville, Minnesota;

Closing: the date there is physical delivery of the Note to the Purchaser;

Code: the Internal Revenue Code of 1986, as amended and the Treasury Regulations promulgated thereunder;

City Council: the City Council of the Issuer;

Counsel: an attorney designated by or acceptable to the Purchaser, duly admitted to practice law before the highest court of any state; an attorney for the Borrower or the Issuer may be eligible for appointment as Counsel;

Date of Taxability: the meaning ascribed to it in Section 4.4(2) hereof;

Determination of Taxability: the meaning ascribed to it in Section 4.4(2) hereof;

Disbursing Agreement: the Disbursing Agreement dated as of the date hereof between the Borrower and the Purchaser providing for the disbursement to the Borrower of proceeds of the Note, as the same may from time to time be amended or supplemented as herein provided;

Event of Default: any of the events described in Section 6.1 hereof;

Facility: the approximately 228-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City of Roseville, Minnesota;

General Partner: Roseville Leased Housing Associates I, LLC, a Minnesota limited liability company, its successors and assigns;

Guarantor: Dominion Holdings II, LLC, a Minnesota limited liability company;

Guaranty: the Guaranty, dated as of the date hereof, by the Guarantor in favor of the Purchaser, as it may be amended from time to time;

Issuance Expenses: any and all costs and expenses relating to the issuance, sale and delivery of the Note, including, but not limited to, any fees of the Purchaser, all fees and expenses of legal counsel, financial consultants, feasibility consultants and accountants, any fee to be paid to the Issuer, the preparation and printing of this Agreement, the Resolution, the Pledge Agreement, the Disbursing Agreement, the Regulatory Agreement, the Note and all other related documents, and all other expenses relating to the issuance, sale and delivery of the Note and any other costs which are treated as “issuance costs” within the meaning of Section 147(g) of the Code;

Issuer: City of Roseville, Minnesota, its successors and assigns;

Land: the real property and any other easements and rights described in Exhibit A to the Regulatory Agreement;

Loan: the loan of Note proceeds from the Issuer to the Borrower in accordance with the terms of this Loan Agreement, as described in Section 3.1 of this Agreement;

Mandatory Purchase Date: means September 30, 2020, unless such date is extended as provided in Section 3.3;

Note: the \$4,346,852 Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019, to be issued by the Issuer pursuant to the Resolution and this Agreement;

Note Documents: this Agreement, the Pledge Agreement, the Regulatory Agreement, the Disbursing Agreement and the Resolution;

Partnership Agreement: means the Limited Partnership Agreement of the Borrower, dated June 4, 2019, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor;

Person: any individual, corporation, partnership (general, limited, or limited liability), joint venture, association, trust, unincorporated organization, or government or any agency or political subdivision thereof;

Pledge Agreement: the Pledge Agreement of even date herewith between the Issuer and the Purchaser pledging and assigning the Issuer's interest in this Agreement to the Purchaser to the extent provided therein, as the same may be amended or supplemented from time to time;

Principal Balance: so much of the principal sum on the Note as from time to time and remains unpaid;

Project: the financing of the acquisition, construction, and equipping of the Facility;

Project Costs: all direct costs authorized by the Act and paid or incurred by the Borrower, to carry out the Project, other than Issuance Expenses;

Project Fund: the fund created by the Disbursing Agreement from which funds are to be disbursed to the Borrower for payment of Project Costs and Issuance Expenses;

Purchaser: Bridgewater Bank, a Minnesota banking corporation, its successors and assigns;

Refunding: the issuance of revenue bonds to pay and refund the Note and finance the Project;

Regulatory Agreement: the Regulatory Agreement, dated as of the date hereof, between the Issuer, the Borrower, and the Purchaser, relating to the Project, as the same may be amended or supplemented from time to time;

Reserve Fund: the fund of such designation established under Section 4.10 hereof to be held by the Purchaser;

Resolution: the resolution of the Issuer adopted November 4, 2019, authorizing the issuance of the Note, together with any supplement or amendment thereto;

State: the State of Minnesota;

Treasury Regulations: all proposed, temporary or permanent federal income tax regulations then in effect and applicable; and

Yield: with reference to any obligation, that discount rate which, when computing the present value of all unconditionally payable payments of principal and interest paid and to be paid on such obligation, produces an amount equal to the present value of the issue price of the obligation.

Section 1.2 Rules of Interpretation.

(1) This Agreement shall be interpreted in accordance with and governed by the laws of the State.

(2) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than to any particular section or subdivision hereof.

(3) References herein to any particular section or subdivision hereof are to the section or subdivision of this instrument as originally executed.

(4) Where the Borrower is permitted or required to do or accomplish any act or thing hereunder, the Borrower may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Borrower.

(5) The Table of Contents and titles of articles and sections herein are for convenience only and are not a part of this Agreement.

(6) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(7) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(8) References to the Note as “tax-exempt” or to the “tax-exempt status of the Note” are to the exclusion of interest on the Note from gross income pursuant to Section 103(a) of the Code, except during any period the Note is held by a “substantial user” or “related person,” irrespective of such forms of taxation as the alternative minimum tax or branch profits tax on foreign corporations, as is consistent with the approach taken in Section 59(i) of the Code.

ARTICLE 2

REPRESENTATIONS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations as the basis for its covenants herein:

(1) The Issuer is a municipal corporation organized and existing under the Constitution and laws of the State and is authorized to issue the Note pursuant to the Act;

(2) There is no pending or, to the actual knowledge of the undersigned representatives of the Issuer, without inquiry or investigation, threatened suit, action or proceeding against the Issuer before any court, arbitrator, administrative agency or other governmental authority that challenges the Issuer's execution and delivery of the Note Documents, as applicable;

(3) To the actual knowledge of the undersigned, without inquiry or investigation, the execution and delivery of the Note Documents by the Issuer will not constitute a breach of or default under any existing (a) provision of any special legislative act or charter provision relating to the establishment of the Issuer or (b) agreement, indenture, mortgage, lease or other instrument to which the Issuer is a party or by which it is bound;

(4) No proceeding of the Issuer for the issuance, execution or delivery of the Note Documents has been repealed, rescinded, amended or revoked;

(5) The Note is issued as a "qualified residential rental bond" within the meaning of Section 142(a)(7) of the Code; and

(6) The Issuer has received an allocation of tax exempt bonding authority for the Note pursuant to Minnesota Statutes, Chapter 474A.

Section 2.2 Representations by the Borrower. The Borrower makes the following representations as the basis for its covenants herein:

(1) The Borrower is a limited liability limited partnership duly organized under the laws of the State, is in good standing and duly authorized and qualified to conduct its business in the State, is duly authorized to conduct its business in all states where its activities require such authorization, has power to enter into this Agreement, the Regulatory Agreement and the Disbursing Agreement and to use the Facility for the purpose set forth in this Agreement and by proper corporate action has authorized the execution and delivery of this Agreement, the Regulatory Agreement, and the Disbursing Agreement;

(2) The General Partner is a limited liability company duly organized under the laws of the State, is in good standing and duly authorized and qualified to conduct its business in the State, is duly authorized to conduct its business in all states where its activities require such authorization, and by proper corporate action is authorized to enter into the Partnership Agreement;

(3) The execution and delivery of this Agreement, the Regulatory Agreement, and the Disbursing Agreement, the consummation of the transactions contemplated hereby and thereby,

and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Borrower's organizational documents, any restriction or any agreement or instrument to which the Borrower or any of its partners is now a party or by which it is bound or to which any property of the Borrower is subject, and do not and will not constitute a default under any of the foregoing or a violation of any order, decree, statute, rule or regulation of any court or of any state or federal regulatory body having jurisdiction over the Borrower or its properties, including the Facility, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement to which the Borrower is a party or by which it is bound;

(4) The design and plan of the Facility comprise a multifamily residential rental housing development, as contemplated by the Act; and subject to the other provisions of this Agreement, it is presently intended and reasonably expected that any equipment purchased from the proceeds of the Note will be permanently located and exclusively used on the Land and that the Borrower shall operate the Facility on the Land throughout the term of this Agreement in the normal conduct of the Borrower's business;

(5) As of the date hereof, the use of the Facility as designed and proposed to be operated complies or will comply, in all material respects, with all presently applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Facility is located. The Borrower has obtained, or will obtain in a timely manner, all necessary and material approvals of and licenses, permits, consents and franchises from federal, state, county, municipal or other governmental authorities having jurisdiction over the Facility to operate the Facility and to enter into, execute and perform its obligations under this Agreement, the Regulatory Agreement and the Disbursing Agreement and, to the knowledge of the Borrower, no violation of any local ordinance, laws, regulation or requirement exists with respect to the Facility;

(6) The Facility, when constructed, will be located entirely within the boundaries of the City.

(7) The proceeds of the Note, together with any other funds to be contributed to the Project by the Borrower or otherwise in accordance with this Agreement, will be sufficient to pay the cost of the Project, and all costs and expenses incidental thereto, and the proceeds of the Note will be used only for the purposes contemplated hereby and allowable under the Act;

(8) Comparable private financing for the Project was not found by the Borrower to be reasonably available, and the Project is economically more feasible with the availability of the financing herein authorized;

(9) The Borrower is not in the trade or business of selling properties such as the Facility and is constructing the Facility for use in its operations, and therefore the Borrower has no intention now or in the foreseeable future to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Facility, except pursuant to a mortgage;

(10) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any property of the Borrower in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to the Borrower, would have a material adverse effect upon the Borrower or upon the business or properties of the Borrower, and the Borrower is not in default with respect to any order of any court or governmental agency;

(11) The Borrower is not in default in the payment of the principal of or interest on any indebtedness for borrowed money nor in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued;

(12) The Borrower has filed all federal and state income tax returns which, to the knowledge of the General Partner of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by the Borrower to the extent that they have become due;

(13) The Borrower has approved the terms and conditions of the Note;

(14) The Borrower will comply with all provisions of the Act, including without limitation any notice and filing requirements imposed under the Act;

(15) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Note to be included in the gross income of the owners thereof for purposes of federal income taxation; and

(16) The Note is to be issued within the exemption provided under Sections 142(a)(7) and 142(d) of the Code with respect to a “qualified residential rental project” (as defined in the Code), and at least 95% of the net proceeds of the Note will be used to provide for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation for an exempt facility within the meaning of Section 142 of the Code.

ARTICLE 3

THE LOAN

Section 3.1 Amount and Source of Loan. The Issuer has authorized the issuance of the Note in a principal amount not to exceed \$4,346,852 to provide funds to the Borrower for its use in the Project. The Issuer agrees to lend to the Borrower, upon the terms and conditions set forth herein and in the Note, the proceeds received from the Note by causing such sums to be advanced and deposited into the Project Fund upon satisfaction of all terms and conditions set forth herein and in the Disbursing Agreement and such other supporting documentation as the Purchaser may reasonably require.

Section 3.2 Documents Required Prior to Disbursement of the Loan. Prior to any advance of amounts in the Project Fund, the Borrower shall deliver to the Purchaser executed copies of the following:

- (1) The Note.
- (2) This Agreement.
- (3) The Pledge Agreement.
- (4) The Disbursing Agreement.
- (5) The Regulatory Agreement.
- (6) The Guaranty.
- (7) The approving resolutions of the Borrower and the General Partner.
- (8) Certificate of good standing for the Borrower and the General Partner of recent date issued by the Secretary of State of Minnesota.
- (9) Copies of the organizational documents of the Borrower and the General Partner, certified by the Secretary of State of Minnesota, (together with copies of all amendments thereto) certified by the Borrower and the General Partner, to be true and correct copies of such instruments.
- (10) An opinion of Bond Counsel to the effect that the Issuer has duly authorized the Note and that the interest thereon is exempt from federal income taxation and subject to other conditions acceptable to the Purchaser.
- (11) Any other items required under the Disbursing Agreement or reasonably required by the Purchaser.

Section 3.3 Repayment. Subject to the prepayment provisions set forth in Article 5 hereof and in the Note, the Borrower agrees to repay the Loan by making all payments of principal, interest and any penalty or charge required to be made by the Issuer under the Note at the times and in the amounts provided therein, including without limitation, payment of the redemption price as provided in Section 8 of the Note; provided that the Mandatory Purchase Date shall be extended at the option of the Borrower (a) by 12 months, one time, by paying the Purchaser an extension fee of \$12,500, provided there is not an Event of Default or an event with notice and passage of time would become an Event of Default and (b) thereafter, one or more times, to a date not later than _____, 2022 with the consent of the Purchaser and upon delivery to the Purchaser of an opinion of Bond Counsel to the effect that such extension will not adversely affect the tax exempt status of interest paid on the Note. All payments shall be made directly to the Purchaser at its principal office for the account of the Issuer. The Borrower shall also pay the reasonable fees and expenses of the Issuer, including the Issuer's administrative fee and reasonable fees and expenses of the Issuer's counsel in connection with the issuance of the Note and the Refunding.

Section 3.4 Borrower's Obligations Unconditional. All payments required of the Borrower hereunder shall be paid without notice or demand and without setoff, counterclaim, abatement, deduction or defense. The Borrower will not suspend or discontinue any payments, and will perform and observe all of its other agreements in this Agreement and, except as expressly permitted herein, will not terminate this Agreement for any cause, including but not limited to any

acts or circumstances that may constitute failure of consideration, destruction or damage to the Facility, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or the Purchaser, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, the Pledge Agreement or the Note.

Section 3.5 Disbursement of the Loan.

(1) Pursuant to this Agreement and the Act, the Issuer has authorized the Borrower to provide directly for the financing of the Project in such manner as is determined by the Borrower and hereby authorizes the Purchaser to advance the proceeds of the Note to or at the direction of the Borrower in accordance with the Disbursing Agreement, including without limitation, advancing at Closing at least \$50,001 of the proceeds of the Note to pay the costs of issuing the Note.

(2) Interest earnings on the proceeds of the Note held in the Project Fund, if any, shall be disbursed to the Purchaser on or prior to each interest payment date and applied as a credit against Loan repayments.

(3) The Issuer authorizes and directs the Purchaser to disburse money from the Project Fund as further provided in the Disbursing Agreement.

Section 3.6 Administrative Fee and Expenses. The Borrower agrees to pay to the Issuer an administrative fee of \$43,468.52 (equal to 1.0% of the principal amount of the Note) on the date of Closing, with respect to the Note and the obligation to be issued in connection with the Refunding. The administrative fee is not pledged to payment of the Note and may be used by the Issuer for any proper purpose. In addition to any other payments required hereunder, the Borrower shall pay the following amounts to the Issuer in immediately available funds on the due date thereof (or, if there is no due date with respect to such payment, then upon demand of the Issuer): (i) all reasonable expenses paid or incurred by the Issuer in connection with the transactions contemplated by the Note and the Note Documents and the obligation to be issued in connection with the Refunding, including any legal, accounting, financial, or other costs paid or incurred by the Issuer; (ii) all costs and expenses, including without limitation, attorneys' fees, paid or incurred by the Issuer in connection with (A) the discussion, negotiation, preparation, approval, execution and delivery, and amendments or modifications of the Note, the Note Documents, and the documents and instruments related hereto or thereto, (B) the enforcement by the Issuer during the term hereof or thereafter of any of the rights or remedies of the Issuer hereunder or under the foregoing documents, or any document, instrument, or agreement related hereto or thereto, and (C) an audit, random or otherwise, by the Internal Revenue Service, the Minnesota Department of Revenue, or another department or office of the State with respect to the Note, the Borrower, or the Project.

Section 3.7 Loan Origination Fee. The Borrower agrees to pay the Purchaser a loan origination fee of \$12,500 on the date of Closing with respect to the Note and the purchase thereof.

ARTICLE 4

BORROWER'S COVENANTS

Section 4.1 Indemnity.

(1) The Borrower will indemnify, defend, and hold harmless the Purchaser, the Issuer and its officers, commissioners, employees and agents, from and against any and all claims by or on behalf of any Person, firm, corporation or other entity arising from the conduct, operation or management of, or from, any work or thing done on the Facility during the term of this Agreement, including, without limitation, (i) any condition of the Facility; (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement; (iii) any act of negligence of the Borrower or of any of its agents, contractors, servants, employees or licensees or (iv) any act of negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Purchaser and Issuer harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Purchaser or Issuer, the Borrower shall defend them or either of them in any such action or proceeding.

(2) The Borrower agrees to indemnify, defend and hold harmless the Issuer and Purchaser and their respective employees, commissioners, officers and agents ("Indemnified Parties") against any and all losses, claims, damages or liability to which the Indemnified Parties may become subject under any law in connection with the issuance and sale of the Note, the carrying out of the transactions contemplated by this Agreement and the conduct of any activity in connection with the Project or the Facility, including claims for which the Indemnified Parties may be or may be claimed to be liable unless such liability is due to the gross negligence or willful misconduct of such Indemnified Party, and to reimburse the Indemnified Parties for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Indemnified Parties in connection with investigating any such losses, claims, damages or liabilities, or in connection with defending any actions relating thereto. The Indemnified Parties agree, at the request and expense of the Borrower, to cooperate in the making of any investigation in defense of any such claim and promptly to assert any or all of the rights and privileges and defenses identified in writing by the Borrower which may be available to the Indemnified Parties. These provisions shall survive payment of the Note and termination of this Agreement.

(3) If the Issuer incurs any expense or suffers any losses, claims or damages or incurs any liabilities in connection with the transaction contemplated by this Agreement, the Borrower will indemnify, defend, and hold harmless the Issuer from the same and will reimburse the Issuer for any reasonable legal or other expenses incurred by the Issuer in relation thereto. The Borrower shall also reimburse the Issuer for all other costs and expenses, including, without limitation, attorneys' fees paid or incurred by the Issuer, in connection with: (i) the discussion, negotiation, preparation, approval, execution and delivery of this Agreement and the documents and instruments related thereto; (ii) any amendments or modifications thereto and any document, instrument or agreement related thereto and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modification; and (iii) the enforcement by the Issuer during the term of this Agreement or

thereafter of any of the rights or remedies of the Issuer under this Agreement or any document, instrument or agreement related thereto, including, without limitation, costs and expenses of collection in the event of default, whether or not suit is filed with respect thereto.

(4) The Borrower acknowledges and agrees that the Issuer shall not be liable to the Borrower, and releases and discharges the Issuer from any liability, for any and all losses, costs, expenses (including reasonable attorneys' fees), damages, judgments, claims and causes of action, paid, incurred or sustained by the Borrower as a result of or relating to any action, or failure or refusal to act, on the part of the Issuer with respect to this Agreement or the documents and transaction related thereto, including, without limitation, the exercise by the Issuer of any of its rights or remedies pursuant to this Agreement or any related document and instrument.

Section 4.2 Reports to Governmental Agencies. The Borrower shall furnish to agencies of the State, including but not limited to the Minnesota Housing Finance Agency, such periodic reports or statements as are required under the Act or Minnesota Statutes, Chapter 474A, as amended, or as they may otherwise reasonably require of the Issuer or the Borrower throughout the term of this Agreement in connection with the transaction contemplated herein; provided, however, the Issuer shall promptly notify the Borrower of any reports or statements being required by agencies of the State of which the Issuer has received notice to allow the Borrower a reasonable and adequate amount of time to prepare and submit any such reports or statements. Copies of such reports shall be provided, upon request, to the Issuer and, upon request, to the Purchaser.

Section 4.3 Security for the Loan. As additional security for the Loan, and to induce the Issuer to issue and deliver the Note, the Borrower agrees to execute and deliver such other documents requested by the Purchaser, in such places and in such manner as the Purchaser deems necessary or desirable to perfect or protect the security interest of the Purchaser in and to the Facility and other collateral referred to in such documents. Furthermore, the Borrower agrees to cause the Guarantor to execute and deliver the Guaranty and agrees to cause the Guarantor to meet all of its obligations under the Guaranty, which shall remain in effect until all payments required hereunder have been made.

Section 4.4 Preservation of Tax Exemption.

(1) In order to ensure that interest on the Note shall at all times be excludable from gross income for federal income tax purposes, the Borrower represents, warrants, and covenants with the Issuer and the Purchaser that it shall comply with applicable provisions of Section 103 and Sections 141 through 150 of the Code and applicable Treasury Regulations promulgated thereunder as follows:

(a) The Borrower shall have entered into an agreement to purchase the Land on or before the date of delivery of the Note and no more than 25% of the net proceeds of the Note shall be allocated to the acquisition of the Land; the Facility shall continue to be owned and operated by the Borrower, except as provided in Section 4.6, and in no event shall the Facility be managed in a manner that would cause interest on the Note to be included in gross income for federal income tax purposes.

(b) The Borrower shall fulfill all continuing conditions specified in Section 142 of the Code and Section 1.103-8(b) of the Treasury Regulations applicable thereunder, to qualify the Note as an “exempt facility bond” issued to provide a “qualified residential rental project” thereunder and to qualify the Facility as a “qualified residential rental project” thereunder; and the Borrower shall fulfill its obligations under the Regulatory Agreement.

(c) The Borrower covenants and agrees that it will not (i) use or permit the use of any of the funds provided by the Issuer hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, (ii) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Note that would, or (iii) take or omit to take any other action that would, in each case cause the Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(d) The Borrower understands that the Code imposes a penalty for failure to file with the Secretary of the Treasury an annual certification of compliance with low income occupancy requirements (currently under an Annual Certification of a Residential Rental Project, Form 8703 (Rev. September 2013)), and if the requirements for a “qualified residential rental project” are not met, does not allow deduction for interest paid on the Note which accrues during the period beginning on the first day of the taxable year in which the Facility ceases to meet such requirements and ending on the date the Facility again meets such requirements.

(e) In order to qualify the Note and this Agreement under the “governmental program” provisions of Section 1.148-2(d)(2)(iii) of the Treasury Regulations, the Borrower (and any “related person” thereto) shall take no action the effect of which would be to disqualify this Agreement as a “program investment” under Section 1.148-1(b), including but not limited to entering into any arrangement, formal or informal, for the Borrower or any related person to purchase any obligations that finance the program in an amount related to the amount of the Agreement. Notwithstanding the foregoing, the Issuer understands that the Borrower has an obligation to repurchase the Note from the Purchaser on or before the Mandatory Purchase Date, which may be extended by the Borrower as provided in the Note, and if the Borrower is unable to find replacement financing, the Borrower may be the holder of the Note for a period of time after the Mandatory Purchase Date.

(f) The Borrower has not paid or incurred any costs to be reimbursed from proceeds of the Note before the date 60 days before May 15, 2019, the date of adoption by the Issuer of a written declaration of official intent which complies with the provisions of Treasury Regulations, Section 1.150-2(d) and (e), except for “preliminary expenditures” (within the meaning of Treasury Regulations, Section 1.150-2(f)(2)) for the Project, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the aggregate “issue price” of the Note, or expenditures in the de minimis amount of \$100,000 (as defined in Treasury Regulations, Section 1.150-2(f)(1)).

(g) The weighted average maturity of the Note shall not exceed the estimated economic life of the Facility by more than 20%, all within the meaning of Section 147(b) of the Code.

(h) While the Note remains outstanding, no portion of the proceeds of the Note shall be used to provide any airplane, skybox or other private luxury box, any facility primarily used for gambling, or a store, the principal business of which is the sale of alcoholic beverages for consumption off premises.

(i) Any Issuance Expenses financed by the Note shall not exceed 2% of the proceeds of the Note. Except as permitted by Treasury Regulations 1.148-6(d)(3)(ii), none of the proceeds of the Note will be used for working capital purposes.

(j) The Borrower shall not use the proceeds of the Note in such manner as to cause the Note to be an “arbitrage bond” within the meaning of Section 148 of the Code and applicable Treasury Regulations.

(k) The Borrower, on behalf of the Issuer, shall pay to the United States, as a rebate, an amount equal to the sum of (A) the excess of (i) the aggregate amount earned on all nonpurpose investments (other than investments attributable to an excess described in this clause), over (ii) the amount which would have been earned if all nonpurpose investments were invested at a rate equal to the yield on the Note, plus (B) any income attributable to the excess described in clause (A), at the times and in the amounts required by Section 148(f) of the Code and applicable Treasury Regulations, all within the meaning of Section 148(f) of the Code and applicable Treasury Regulations. The Borrower shall maintain records of the interest rate borne by the Note and earnings thereon in adequate detail to enable the Borrower to calculate the amount of any rebate required to be made to the United States at times and in installments which satisfy Section 148(f) of the Code and applicable Treasury Regulations, at least once every 5 years and within 60 days after the day on which the Note is paid in full. Calculations of the amount to be rebated shall be made at least once every 5 years (or at such other times as may be required by Section 148(f) of the Code and applicable Treasury Regulations) and the Purchaser shall be furnished with such calculations within 60 days of the time they are made. If the Purchaser is not furnished with such calculations, the Purchaser may undertake to have such calculations made at the expense of the Borrower. Such calculations shall be retained until 6 years after the Note is paid in full. The rebate shall be calculated as provided in Section 148(f) of the Code and Treasury Regulations, Sections 1.148-0 through 1.148-9, including taking into account the gain or loss on the disposition of nonpurpose investments. The Borrower shall acquire, and shall cause the Purchaser to acquire, all nonpurpose investments at their fair market value in arm’s length transactions.

(l) The Borrower has not leased, sold, assigned, granted, or conveyed and shall not lease, sell, assign, grant, or convey all or any portion of the Facility or any interest therein to the United States, or any agency or instrumentality thereof, within the meaning of Section 149(b) of the Code.

(m) In addition to the Note, no other obligations have been or shall be issued under Section 103 of the Code which are sold at substantially the same time as the Note under a common plan of marketing and at substantially the same rate of interest as the Note and which are payable in whole or part by the Borrower or otherwise have with the Note any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same “issue of obligations” as the Note under Treasury Regulations, Section 1.50-1(c)(1).

(n) The Borrower shall observe the requirements of this Agreement with respect to the obligations imposed by applicable provisions of the Code and the representations, warranties, covenants, and requirements of the Borrower Tax Certificate.

(o) No proceeds of the Note shall be invested in investments which cause the Note to be federally guaranteed within the meaning of Section 149(b) of the Code.

(p) The Borrower shall maintain such written procedures as appropriate and applicable to ensure Borrower’s principal responsibility for compliance with the post-issuance requirements necessary to maintain the tax-exempt status of the interest on the Note, including requirements that must be continually monitored, including (i) monitoring the investment (pending expenditure) of Note proceeds (and keep detailed records thereof) in order to assure compliance with the arbitrage requirements applicable to the Note, (ii) monitoring the expenditures of Note proceeds (and keep detailed records thereof), (iii) monitoring the use of the Project in order to ensure that the Note continues to qualify as an exempt facility bond within the meaning of Section 142 of the Code, (iv) periodically consulting with Bond Counsel with respect to arbitrage issues and compliance, and (v) consulting with Bond Counsel as necessary to determine whether, and to what extent, any change in the use or purpose of the financed facility will require any remedial action under the relevant Treasury Regulations.

(q) The Borrower shall not otherwise use the proceeds of the Note, or take or fail to take any action, the effect of which would be to impair the exclusion of interest on the Note from gross income for federal income tax purposes.

(2) For the purpose of this Section, a “Determination of Taxability” shall mean the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision of a court of competent jurisdiction, or a change in any applicable federal statute, which holds or provides in effect that the interest payable on the Note is included, for federal income tax purposes under Section 103 of the Code, in the gross income of the Purchaser or any other holder or prior holder of the Note, if the period, if any, for contest or appeal of such action, ruling, or decision by the Borrower or Purchaser or any other interested party has expired without any such contest or appeal having been properly instituted by the Purchaser, the Borrower, or any other interested party. The expenses of any such contest shall be paid by the party initiating the contest, and neither the Purchaser nor the Borrower shall be required to contest or appeal any Determination of Taxability. The “Date of Taxability” shall mean that point in time, as specified in the determination, ruling, order, or decision, that the interest payable on the Note becomes includable in the gross income of

the Purchaser or any other holder or prior holder of the Note, as the case may be, for federal income tax purposes.

(3) If the Purchaser receives notice of a “Determination of Taxability” with respect to the Note and delivers to the Borrower a copy of that notice, the rate of interest on the Note shall be automatically adjusted and additional charges shall be paid as provided in the Note and the Borrower shall be obligated to pay the same as provided in Section 3.3 herein.

(4) If the Borrower becomes aware of a Determination of Taxability it shall promptly give notice of such Determination of Taxability to the Issuer and the Purchaser.

Section 4.5 Lease or Sale of Facility. The Borrower shall not lease, sell, convey or otherwise transfer the Facility in whole or part, nor sell the Facility in whole or part, without first securing the written consent of the Purchaser; provided that in no event shall any lease, transfer, assignment, or sale be permitted if the effect thereof would be to cause the Note to be deemed issued in violation of any requirement under Section 142(a) of the Code, and the Treasury Regulations promulgated thereunder, that substantially all of the net proceeds of the Note be used to provide a qualified residential rental project, or under the Act that no portion of the Facility to be financed from proceeds of the Note be acquired in whole or part for sale, nor shall any such transaction be permitted if the effect thereof would otherwise be to impair the validity or the tax exempt status of the Note, nor shall any such transaction release the Borrower of any of its obligations under this Agreement. The Borrower shall promptly notify the Issuer and the Purchaser of any such sale, transfer, assignment, or lease. Nothing contained in this Section shall prohibit the Borrower from (a) entering into leases with residential tenants in the ordinary course of business, or (b) entering into easement or other agreements necessary for the operation of the Facility. Any transfer of any interest in the Borrower shall require the consent of the Purchaser, which shall not be unreasonably withheld, delayed or conditioned.

Section 4.6 Facility Operation and Maintenance Expenses.

(1) The Borrower shall pay all expenses of the operation and maintenance of the Facility including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Facility and payable during the term of this Agreement.

(2) The Facility shall not be used for purposes which violate any Federal, State or other laws prohibiting discrimination in access or employment based on race, creed, sex, handicap, ethnic origin, age or marital status.

Section 4.7 Notification of Changes. The Borrower covenants and agrees that it will promptly notify the Purchaser of:

(a) any litigation which might materially and adversely affect the Borrower or the Facility;

(b) the occurrence of any Event of Default under this Agreement or under any other loan agreement, debenture, note, purchase agreement or any other agreement

providing for the borrowing of money by the Borrower or any event of which the Borrower has knowledge and which, with the passage of time or giving of notice, or both, would constitute an Event of Default under this Agreement or under such other agreements; and

(c) any material adverse change in the operations, business, properties, assets or conditions, financial or otherwise, of the Borrower.

Section 4.8 Financial Statements. The Borrower will cause to be prepared annual financial statements for the Borrower and the General Partner and audited annual financial statements for the Guarantor (including a balance sheet, statement of income and statement of changes in financial position which may be done on a consolidating basis) and certified by an independent certified public accountant, and within 90 days of the close of each fiscal year will furnish a copy to the Purchaser along with a copy of annual filed tax returns containing all schedules and exhibits within 30 days of the Borrower, the General Partner, and the Guarantor filing such tax returns annually, which shall be no later than October 25th of each year. The Borrower shall furnish to the Purchaser a rent roll with respect to the Facility within 90 days of the close of each fiscal year.

Section 4.9 IRS Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer or the Purchaser as a result of the Issuer's or the Purchaser's compliance with an audit, random or otherwise, by the Internal Revenue Service or the Minnesota Department of Revenue with respect to the Note or the Project.

Section 4.10 Reserve Fund. The Borrower shall maintain a Reserve Fund in the amount of \$50,001. The Borrower shall make the initial deposit of \$50,001 into the Reserve Fund on the date of Closing with equity of the Borrower. Amounts in the Reserve Fund may be used to make up any deficiencies in debt service payments on the Note when due and the Reserve Fund shall be collateral for the Loan held by the Purchaser.

If at any time the amount in the Reserve Fund is less than \$50,001, the Purchaser shall request the amount of deficiency from the Borrower for deposit to the Reserve Fund. Within 10 days of the Purchaser's written request to replenish the Reserve Fund, the Borrower shall make a deposit to replenish the full amount of the deficiency in the Reserve Fund. All income derived from the investment of amounts on hand in the Reserve Fund shall remain in and be credited as received to the Reserve Fund until such time as the balance therein (valued at the outstanding stated principal amount of investments therein) is equal to \$50,001. Thereafter all such investment income shall be transferred as received to the Borrower. Amounts in the Reserve Fund, if not previously used as aforesaid, shall be applied against the final installments of principal of and interest due on the Note.

ARTICLE 5

PREPAYMENT OF LOAN

Section 5.1 Prepayment at Option of Borrower. The Borrower may at its option prepay the Loan, in whole or in part, by prepaying a like amount of the Principal Balance of the Note, but only in the manner, at the times and under the conditions provided in the Note.

Section 5.2 Other Prepayment Provisions. The Loan shall also be subject to prepayment if and to the extent the Note is subject to prepayment other than as described in Section 5.1.

Section 5.3 Partial Prepayment. If the Loan is prepaid hereunder only in part, the Purchaser shall apply any prepayment first against reasonable attorneys' fees and collection costs, second against accrued interest due under the Note, and then against the Principal Balance due under the Note; and the Borrower shall continue to pay in full the monthly payments due under the Note until the entire Principal Balance and accrued interest due on the Note and any other charges or premiums due hereunder or under the Note have been paid.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one or more of the following events is an Event of Default continuing beyond the applicable cure period under this Agreement:

(1) If the Borrower shall fail to make (a) any payments required under Section 3.3 of this Agreement on the date due, or (b) any other payment due under this Agreement (except for payments required under Section 3.3) on or before the date that the payment is due, and such default continues for 10 days after written notice given to the Borrower by the Issuer or the Purchaser as provided in the Note.

(2) If the Borrower shall fail to observe and perform any other covenant, condition or agreement on its part under this Agreement for a period of 30 days after written notice (a "Default Notice"), specifying such default and requesting that it be remedied, is given to the Borrower by the Issuer or the Purchaser, unless the Purchaser shall agree in writing to an extension of such time prior to its expiration, or for such longer period as may be reasonably necessary to remedy such default provided that the Borrower is proceeding with reasonable diligence to remedy the same, but not exceeding 60 days after the Default Notice is given.

(3) If the Borrower shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any present or future federal bankruptcy act or any similar federal or state law, shall consent to the entry of an order for relief pursuant to any present or future federal bankruptcy act or under any similar federal or state law, or shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the entry of an order for relief of the Borrower under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof, or a receiver, trustee or liquidator of the Borrower or of all or substantially all of the assets of the Borrower or of the Facility shall be appointed in any proceeding brought against the Borrower and shall not be discharged within 90 days after such appointment or if the Borrower shall consent to or acquiesce in such appointment, or if the estate or interest of the Borrower in the Facility or a part thereof shall be levied upon or attached in any proceeding and such process shall not be vacated or discharged within 90 days after such levy or attachment; if the Borrower shall be dissolved or liquidated or shall be merged with or be acquired by another business entity in violation of Section 4.5.

(4) If the Partnership Agreement shall expire or be annulled; if the Partnership Agreement shall be amended or modified without the consent of the Purchaser, which shall not be unreasonably delayed, withheld or conditioned; or if the Borrower shall be dissolved or liquidated (other than when a new entity assumes the obligations of the Borrower under the conditions permitting such action contained in Section 4.5).

(5) If any representation or warranty made by the Borrower herein, or by an officer or representative of the Borrower in any document or certificate furnished the Purchaser or the Issuer in connection herewith or therewith or pursuant hereto or thereto, shall prove at any time to be, in any material respect, incorrect or misleading as of the date made.

(6) If the Borrower shall default or fail to perform any covenant, condition or agreement on its part under the Disbursing Agreement, the Regulatory Agreement, the Note, or any other document securing the Note, and such failure continues beyond the period set forth in such documents during which the Borrower may cure the default.

Section 6.2 Remedies. Whenever any Event of Default referred to in Section 6.1 hereof shall have happened and be subsisting, any one or more of the following remedial steps, to the extent permitted by law, may be taken by the Issuer with the prior written consent of the Purchaser (except that rights arising under the sections listed in Section 7.9 hereof may not require such consent in order to be exercised by the Issuer) or by the Purchaser itself:

(1) The Issuer, upon written direction of the Purchaser, or the Purchaser may declare, upon 10 days' written notice to the Borrower, all installments of the Loan (being an amount equal to that necessary to pay in full the Principal Balance of plus accrued interest on the Note, assuming acceleration of the Note under the terms thereof, and to pay all other indebtedness thereunder) to be immediately due and payable, whereupon the same shall become immediately due and payable by the Borrower.

(2) The Issuer, upon written direction of the Purchaser (except as otherwise provided in Section 7.9 herein), or the Purchaser (in either case at no expense to the Issuer) may take whatever action at law or in equity may appear necessary or appropriate to collect the amounts then due and thereafter to become due under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement.

(3) The Purchaser's obligation to advance any further amounts under the Disbursing Agreement, if any, may terminate. Notwithstanding anything to the contrary contained herein or in any other instrument evidencing or securing the Loan, the Purchaser may exercise the foregoing remedy upon the occurrence of an event that would constitute such an Event of Default but for the requirement that notice be given or that a period of cure or time elapse.

(4) The Purchaser may disburse any amounts remaining in the Project Fund and Reserve Fund first towards payment of accrued interest owing on the Note and then to the Principal Balance of the Note in accordance with the terms of the Note.

(5) The Purchaser may exercise its rights under the Guaranty.

In addition, the Purchaser will have such remedies as are provided in the Pledge Agreement and the Disbursing Agreement upon an Event of Default under this Agreement.

Section 6.3 Disposition of Funds. Notwithstanding anything to the contrary contained in this Agreement, any amounts collected pursuant to action taken under Section 6.2 hereof, shall, after deducting all expenses incurred in collecting the same, be applied as a prepayment of the Note in accordance with Section 5.1.

Section 6.4 Manner of Exercise. No remedy herein conferred upon or reserved to the Issuer or Purchaser is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Purchaser to exercise any remedy reserved to either of them in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 6.5 Effect of Waiver. In the event any agreement contained in this Agreement should be breached by either party and the breach thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the Issuer or the Purchaser 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 Borrower, the Borrower will on demand pay to the Issuer or the Purchaser the reasonable fees and costs of such attorneys and such other expenses so incurred.

ARTICLE 7

GENERAL

Section 7.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) delivered personally or sent by telecopier or electronic mail, (b) sent by nationally recognized overnight courier, or (c) sent by certified mail, postage prepaid, return receipt requested, with proper address as indicated below. The Issuer, the Borrower and the Purchaser may, by 10 days' written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:	City of Roseville, Minnesota Roseville City Hall 2660 Civic Center Drive Roseville, MN 55113-1815
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Attn: City Manager
Facsimile: _____
Email: info@cityofroseville.com

To the Purchaser: Bridgewater Bank
7831 Bush Lake Road, Suite 300
Bloomington, MN 55439
Attn: Ross Wieser, Vice President
Facsimile: (952) 893-6850
Email: ross.wieser@bwbn.com

With a copy to: Messerli & Kramer P.A.
1400 Fifth Street Towers
100 South Fifth Street, Suite 1400
Minneapolis, MN 55402-1217
Attn: Michelle Jester
Facsimile: (612) 672-3777
Email: mjester@messerlikramer.com.

To the Borrower: Roseville Leased Housing Associates I, LLLP
c/o Dominionium
2905 Northwest Blvd., Suite 150
Plymouth, MN 55441
Attn: Ryan J. Lunderby
Facsimile: (763) 354-5519
Email: rlunderby@dominium.com

With a copy to: Winthrop & Weinstine, P.A.
Capella Tower
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
Attn: John Stern and Scott Jahnke
Facsimile: (612) 604-6588
Email: jstern@winthrop.com
sjahnke@winthrop.com.

Any such communication shall be deemed to have been given (i) when delivered if personally delivered or sent by telecopier or email during a business day, (ii) on the business day after dispatch if sent by nationally recognized, overnight courier on other than during a business day, and (iii) on the third day after dispatch, if sent by mail.

Section 7.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns.

Section 7.3 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.4 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Note and before the Note is satisfied and discharged in accordance with its terms, this Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of the Purchaser.

Section 7.5 Execution Counterparts. This Agreement 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 7.6 Limitation of Issuer's Liability. No covenant, provision or agreement of the Issuer herein or in the Note or in any other document executed by the Issuer (or any other party) in connection with the issuance, sale and delivery of the Note, or any obligation herein or therein imposed upon the Issuer or respecting the breach thereof, shall give rise to a pecuniary liability of the Issuer, its officers, employees or agents, or a charge against the Issuer's general credit or taxing powers or shall obligate the Issuer, its officers, employees or agents, financially in any way except with respect to this Agreement and the application of revenues herefrom and the proceeds of the Note. The Note shall be and constitutes only a special and limited revenue obligation of the Issuer, payable solely from the revenues pledged to the payment thereof pursuant to this Agreement and the Pledge Agreement, and the Note does not now and shall never constitute an indebtedness, a general or moral obligation or a loan of the credit of the Issuer, the State or any political subdivision thereof or a lien, charge or encumbrance, legal or equitable, against the Issuer's general credit or taxing powers or any of the Issuer's property. No failure of the Issuer to comply with any term, condition, covenant or agreement therein shall subject the Issuer, its officers, employees or agents, to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from this Agreement or revenues therefrom or proceeds of the Note. No execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or taxing powers of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to this Agreement and the application of revenues hereunder as hereinabove provided. It is further understood and agreed by the Borrower and the Purchaser that the Issuer, its officers, employees or agents shall incur no pecuniary liability hereunder and shall not be liable for any expenses related hereto, all of which the Borrower agrees to pay. If, notwithstanding the provisions of this Section, the Issuer, its officers, employees or agents incurs any expense, or suffers any losses, claims or damages or incurs any liabilities, the Borrower will indemnify and hold harmless the Issuer, its officers, employees or agents from the same and will reimburse the Issuer, its officers, employees or agents for any legal or other expenses incurred by the Issuer, its officers, employees or agents in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer, its officers, employees or agents shall survive delivery of and payment for the Note and expiration or termination of this Agreement. The liability of the Issuer is further restricted as provided in the Act.

Section 7.7 Issuer Attorneys' Fees and Costs. The Borrower shall reimburse the Issuer and the Purchaser, upon demand, for all costs and expenses, including without limitation attorneys' fees, paid or incurred by the Issuer and the Purchaser in connection with (i) the discussion, negotiation, preparation, approval, execution and delivery of the Note, this Agreement, and the documents and instruments related hereto or thereto; (ii) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation,

preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications; (iii) the servicing and administration of the Loan during the term hereof or thereafter; and (iv) the enforcement by the Issuer and the Purchaser during the term hereof or hereafter of any of the rights or remedies of the Issuer and the Purchaser hereunder or under the foregoing documents, or any document, instrument or agreement related hereto or thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

Section 7.8 Release. The Borrower hereby acknowledges and agrees that the Issuer and the Purchaser shall not be liable to the Borrower, and hereby releases and discharges the Issuer and the Purchaser from any liability, for any and all losses, costs, expenses (including attorneys' fees), damages, judgments, claims and causes of action, paid, incurred or sustained by the Borrower as a result of or relating to any action, or failure or refusal to act, on the part of any party with respect to the Note, this Agreement, or the documents and transactions related hereto or thereto or contemplated hereby or thereby, including, without limitation, the exercise by any third party of any of its rights or remedies pursuant to any of such documents.

Section 7.9 Assignment by Issuer and Survivorship of Obligations. The Issuer may assign its rights under this Agreement and any related documents to the Purchaser to secure payment of the principal of and interest on the Note, conditioned upon the Purchaser's assumption of the Issuer's and Purchaser's obligations to the Borrower hereunder, but any such assignment shall not operate to limit or otherwise affect the following provisions hereof to the extent that they run to the Issuer from the Borrower to which extent they shall survive any such assignment: Sections 3.4, 3.6, 4.1, 4.2, 4.4, 4.9, 6.6, 7.6, 7.7, 7.8 and 7.9.

Upon any such assignment, the provisions immediately above running to the Issuer from the Borrower for the Issuer's benefit shall run jointly and severally to the Issuer and the Purchaser (if appropriate), provided that the Issuer shall have the right to enforce any retained rights without the approval of the Purchaser, but only if the Purchaser is not enforcing such rights in a manner to protect the Issuer or is otherwise taking action with respect thereto that brings adverse consequences to the Issuer. The obligations of the Borrower running to the Issuer for the purpose of preserving the tax exempt status of the Note or otherwise for the Issuer's benefit under the foregoing Sections shall survive repayment of the Note and interest thereon.

Section 7.10 Required Approvals. Consents and approvals required by this Agreement to be obtained from the Borrower, the Issuer or the Purchaser shall be in writing and shall not be unreasonably withheld or delayed.

Section 7.11 Termination Upon Retirement of Note. At any time when no Principal Balance on the Note remains outstanding, and arrangements satisfactory to the Purchaser and the Issuer have been made for the discharge of all other accrued liabilities, if any, under this Agreement, this Agreement shall terminate, except as otherwise expressly provided in Section 7.9 or otherwise herein.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed in their respective names all as of the date first above written.

CITY OF ROSEVILLE, MINNESOTA

By _____
Mayor

By _____
City Manager

[Signature Page to Loan Agreement]

ROSEVILLE LEASED HOUSING
ASSOCIATES I, LLLP, a Minnesota limited
liability limited partnership

By: Roseville Leased Housing Associates I, LLC,
a Minnesota limited liability company
Its: General Partner

By: _____
Name: Ryan J. Lunderby
Its: Vice President

Signature Page to Loan Agreement

PLEDGE AGREEMENT

This Pledge Agreement is made as of the ___ day of _____, 2019, between CITY OF ROSEVILLE, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “Issuer”) and BRIDGEWATER BANK, a Minnesota banking corporation, its successors and assigns (the “Purchaser”).

RECITALS

WHEREAS, ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”), and the Issuer have entered into a Loan Agreement of even date herewith (the “Loan Agreement”), pursuant to which the Issuer will lend to the Borrower the proceeds of the Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019 (the “Note”) to be expended to (i) finance the acquisition, construction, and equipping of an approximately 228-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City (the “Project”); (ii) fund one or more reserve funds to secure the timely payment of the Note, if necessary; (iii) pay interest on the Note during the construction of the Project, if necessary; and (iv) pay the costs of issuing the Note (the “Project”); and

WHEREAS, the Note is payable from and secured by the loan repayments to be made by the Borrower under the Loan Agreement; and the Purchaser, as a condition to the purchase of the Note, has required the execution of this Pledge Agreement;

NOW THEREFORE, as an inducement to the Purchaser to purchase the Note, and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. In order to secure the due and punctual payment of the Note and all other sums due the Purchaser under the Loan Agreement, the Issuer does hereby pledge and assign to the Purchaser all of the Issuer’s right, title and interest in and to the Loan Agreement (including, without limitation, any right, title and interest of the Issuer in the Project Fund and the Reserve Fund, each, as defined in the Loan Agreement), except for those rights retained by the Issuer under the provisions of Section 7.9 of the Loan Agreement.

2. The Issuer hereby represents and warrants to the Purchaser that the Issuer has not assigned or encumbered its right, title and interest in the Loan Agreement other than by this Pledge Agreement.

3. The Issuer hereby authorizes the Purchaser to exercise, whether or not a default exists under the Note or an Event of Default has occurred under the Loan Agreement, either in the Issuer’s name or the Purchaser’s name, any and all rights or remedies available to the Issuer under the Loan Agreement. The Issuer agrees, on request of the Purchaser, to execute and deliver to the Purchaser such other documents or instruments as shall be deemed necessary or appropriate by the Purchaser at any time to confirm or perfect the security interest hereby granted. The Issuer hereby appoints the Purchaser its attorney in fact to execute on behalf of the Issuer, and in its name, any and all such assignments, financing statements or other documents or instruments which the

Purchaser may deem necessary or appropriate to perfect, protect or enforce the security interest hereby granted.

4. The Issuer will not:

(a) exercise or attempt to exercise any remedies under the Loan Agreement except as permitted by Sections 6.2 and 7.9 of the Loan Agreement, or terminate, modify or accept a surrender of the same, or by affirmative act, consent to the creation or existence of any security interest or other lien in the Loan Agreement to secure payment of any other indebtedness; or

(b) receive or collect or permit the receipt or collection of any payments, receipts, rentals, profits or other moneys under the Loan Agreement (except as allowed under Section 7.9 thereof) or assign, transfer or hypothecate (other than to the Purchaser hereunder) any of the same then due or to accrue in the future.

5. The Issuer expressly covenants and agrees that the Purchaser shall be entitled to receive all payments under the Loan Agreement (except any payments due the Issuer under Section 7.9 thereof), and hereby authorizes and directs the Borrower to make such payments directly to the Purchaser. The Purchaser covenants and agrees that all payments received by the Purchaser pursuant to the Loan Agreement shall be applied to the payment of principal and interest on the Note and any other amounts due and owing by the Borrower to the Purchaser under the Note or the Loan Agreement.

6. The Purchaser agrees to extend the Mandatory Purchase Date (as defined in the Note) at the request of the Borrower by 12 months, one time, upon payment by the Borrower to the Purchaser of an extension fee of \$12,500, provided there is not an Event of Default or an event with notice and passage of time would become an Event of Default. Thereafter any extension of the Mandatory Purchase Date, one or more times, to a date not later than _____, 2022 shall be only with the consent of the Purchaser and upon delivery to the Purchaser of an opinion of Bond Counsel to the effect that such extension will not adversely affect the tax exempt status of interest paid on the Note.

7. The Purchaser agrees to advance the purchase price of the Note on the Borrower's behalf into the Project Fund as provided in the Note, the Loan Agreement and the Disbursing Agreement. In accordance with Section 7.9 of the Loan Agreement, the Purchaser hereby assumes the Issuer's obligations to the Borrower thereunder.

8. If an Event of Default (as defined in the Loan Agreement) shall occur and be continuing, the Purchaser may exercise any one or more or all, in any order, of the remedies hereinafter set forth, in addition to any other remedy at law or in equity or specified in the Loan Agreement, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Purchaser may, without prior notice of any kind, declare the principal of and interest accrued on the Note immediately due and payable.

(b) The Purchaser may exercise any rights and remedies and options of a secured party under the Uniform Commercial Code as adopted in the State of Minnesota and any and all rights available to it under the Loan Agreement and the Disbursing Agreement related to the Note.

9. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Pledge Agreement contained by or on behalf of the Issuer or the Purchaser shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

10. The unenforceability or invalidity of any provision or provisions of this Pledge Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

11. This Pledge Agreement shall in all respects be construed in accordance with and governed by the laws of the State of Minnesota. This Pledge Agreement may not be amended or modified except in writing signed by the Issuer and the Purchaser.

12. This Pledge Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all of which together constituting one agreement.

13. The terms used in this Pledge Agreement which are defined in the Loan Agreement shall have the meanings specified therein, unless the context of this Pledge Agreement otherwise requires, or unless such terms are otherwise defined herein.

14. No obligation of the Issuer hereunder shall constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers, but shall be payable solely out of the proceeds and the revenues derived under the Loan Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Issuer and the Purchaser have caused this Pledge Agreement to be duly executed as of the day and year first above written.

CITY OF ROSEVILLE, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Manager

[Signature Page to Pledge Agreement]

BRIDGEWATER BANK

By _____
Ross Wieser
Its Vice President

[Signature Page to Pledge Agreement]

DISBURSING AGREEMENT

This DISBURSING AGREEMENT is made as of _____, 2019 (the “Agreement”), by and between ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”) and BRIDGEWATER BANK, a Minnesota banking corporation (the “Purchaser”).

RECITALS

WHEREAS, City of Roseville, Minnesota (the “Issuer”) has provided for the issuance of its Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019 (the “Note”), in the aggregate principal amount not to exceed \$4,346,852; and

WHEREAS, by a Loan Agreement dated as of the date hereof (the “Loan Agreement”), between the Issuer and the Borrower, the Issuer has agreed to lend the proceeds of its Note to the Borrower for use in a project consisting of (i) financing the acquisition, construction, and equipping of an approximately 228-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City of Roseville, Minnesota (the “Project”); (ii) funding one or more reserve funds to secure the timely payment of the Note, if necessary; (iii) paying interest on the Note during the construction of the Project, if necessary; and (iv) paying the costs of issuing the Note; and

WHEREAS, by a Pledge Agreement dated as of the date hereof, between the Issuer and the Purchaser, the Issuer has assigned to the Purchaser the Issuer’s interest in the Loan Agreement (except for certain rights retained by the Issuer under the provisions of Section 7.9 of the Loan Agreement); and

WHEREAS, by a Regulatory Agreement dated as of the date hereof, among the Issuer, the Borrower and the Purchaser, the Borrower agrees to comply with certain rental and occupancy requirements of federal and state law set forth therein; and

WHEREAS, the Loan Agreement provides that the proceeds of the Note shall be disbursed from the Project Fund created hereunder to the Borrower in accordance herewith; and

NOW, THEREFORE, in consideration of the premises, the payment by the Borrower to the Purchaser of a fee (receipt of which is acknowledged by the Purchaser), and of the mutual covenants and agreements hereinafter set forth, it is agreed between the parties hereto as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Defined Terms. Any terms not defined herein shall have the meanings as defined in the Loan Agreement. As used in this Agreement, the following terms shall have the meanings set out respectively after each (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Appraisal” – An acceptable appraisal of the market value of the completed Facility and the Land (a) addressed to the Purchaser, (b) prepared by an appraiser approved by the Purchaser and (c) conforming to all laws applicable to the Purchaser and otherwise in a form satisfactory to the Purchaser.

“Architect” – The architect retained by the Borrower to design the Facility.

“Architect’s Contract” – The agreement between the Borrower and the Architect as to preparation of the Plans and Specifications and construction of the Facility.

“Borrower” – Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership.

“Contractor” – Any person, including the General Contractor, who shall be engaged to work on, or to furnish materials and supplies for, the Facility.

“Construction Contract” – The agreement between the Borrower and the General Contractor pursuant to which the General Contractor agrees to construct the Facility in accordance with the Plans and Specifications for a fixed price or maximum cost.

“Disbursement” – A disbursement by the Purchaser from the Project Fund to the Borrower pursuant to Article II hereof.

“Draw Request” – A request for a Disbursement made on a form approved by the Purchaser and in accordance with Section 2.03 hereof.

“Event of Default” – One of the events of default specified in Section 6.01 hereof and the continuance of such event following the giving of any notice and the expiration of any cure period specified in Section 6.01.

“Facility” – An approximately 228-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City of Roseville, Minnesota.

“General Contractor” – The general contractor retained by the Borrower to construct the Facility.

“General Partner” – Roseville Leased Housing Associates I, LLC, a Minnesota limited liability company, its successors and assigns.

“Governing Authorities” – The Issuer and any other local, State or federal governing authority having jurisdiction over the Project.

“Guarantor” – Dominion Holdings II, LLC, a Minnesota limited liability company.

“Guaranty” – the Guaranty, dated as of the date hereof, by the Guarantor in favor of the Purchaser, as it may be amended from time to time.

“Issuer” – City of Roseville, Minnesota.

“Land” – The land in Roseville, Minnesota, upon which the Facility is to be constructed.

“Loan” – The loan to be made to the Borrower pursuant to the terms of the Loan Agreement and to be disbursed in accordance with this Agreement.

“Loan Agreement” – Shall have the meaning given to that term in the recitals to this Agreement.

“Note” – Shall have the meaning given to that term in the recitals to this Agreement.

“Organizational Documents” – The following documents each of which shall be in form and substance acceptable to the Purchaser:

(i) complete and correct copies of the Certificate of Formation and Certificate of Limited Partnership of the Borrower as in effect on the date hereof, certified by the Secretary of State of Minnesota as of a current date, and a complete and correct copy of the Agreement of Limited Liability Limited Partnership;

(ii) complete and correct copies of the Certificate of Organization and Articles of Organization of the General Partner as in effect on the date hereof, certified by the Secretary of State of Minnesota as of a current date, as well as a complete and correct copy of the Operating Agreement, as in effect on the date hereof;

(iii) Certificates of Good Standing of the Borrower and the General Partner, duly issued as of a current date by the Minnesota Secretary of State; and

(iv) copies of the resolutions of the Borrower and the General Partner authorizing the execution, delivery and performance of those Loan Documents to which each is a party and the transactions contemplated thereby, duly certified by an officer thereof.

“Plans and Specifications” – The plans and specifications for the Facility prepared and signed by the Architect and approved by the Purchaser.

“Pledge Agreement” – Shall have the meaning given to that term in the recitals to this Agreement.

“Project” – The acquisition, construction, and equipping of the Facility.

“Project Costs” – The costs shown on the Total Project Cost Statement.

“Project Fund” – The fund created pursuant to Section 2.01 hereof.

“Purchaser” – Bridgewater Bank, a Minnesota banking corporation.

“Regulatory Agreement” – shall have the meaning given to that term in the recitals of this Agreement.

“Security Documents” – The Loan Agreement, the Pledge Agreement, the Guaranty, any mortgage, any assignment of leases and rents and any other security documents subsequently executed by the Borrower.

“Subcontractor” – Any person who contracts with the General Contractor to perform any of the work or supply any of the materials necessary to complete the Facility.

“Subcontract” – Any contract between the General Contractor and a Subcontractor.

“Sworn Construction Statement” – A sworn construction statement duly executed by the Borrower and the General Contractor showing all Contractors having contracts or subcontracts for specific portions of the work on the Facility and the amounts due or to become due each such Contractor, and including all costs and expenses of any kind incurred and to be incurred in constructing the Facility and fulfilling the obligations of the General Contractor under the terms of the Construction Contract.

“Title” – Such entity as the Borrower and Purchaser shall agree to prior to any disbursement under Section 3.02.

“Total Project Cost Statement” – A total project cost statement duly executed by the Borrower incorporating the Sworn Construction Statement and setting forth all costs and expenses of any kind incurred or to be incurred by the Borrower in connection with acquisition of the Land and construction and equipping of the Facility, including all so called “hard” and “soft” costs.

ARTICLE 2

COMMITMENT TO MAKE DISBURSEMENTS, DISBURSEMENT PROCEDURES AND DEPOSIT OF FUNDS

Section 2.01. The Project Fund. Pursuant to this Agreement, a Project Fund has been established and maintained in the Borrower’s name as a separate account with the Purchaser (the “Project Fund”). The Purchaser shall maintain the Project Fund for as long as the Purchaser is the holder of the Note. On the date of Closing (as defined in the Loan Agreement), \$50,001 of Note proceeds have been advanced under the Note and have been expended on the Issuance Expenses. Thereafter, with the consent of the Purchaser, proceeds of the Note shall be advanced and deposited into the Project Fund in the amount of each Disbursement. All amounts in the Project Fund shall earn interest at a variable per annum rate equal to that paid by the Purchaser on its business money market accounts or at such other rate as the Borrower and the Purchaser may agree, provided, however that any amounts remaining in the Project Fund from and after _____, 2021 shall not be invested at a Yield greater than the Yield on the Note (_____ %). The Borrower hereby grants to the Purchaser a security interest in any and all amounts on deposit in the Project Fund as security for payment by the Borrower and performance of its other obligations under the Note and the Security Documents. Upon redemption of the Note and payment of the Note in full to the Purchaser, if any funds remain in the Project Fund, the Purchaser shall disburse such funds based on the written direction of the Borrower.

Section 2.02. The Disbursements. Subject to the conditions precedent for disbursement set forth in Article 3, the Purchaser agrees, on the terms and subject to the conditions hereinafter

set forth, to make Disbursements from the Project Fund to the Borrower from time to time in an aggregate principal amount of up to and including the maximum amount of \$4,346,852. All Disbursements shall be used to pay Project Costs. The obligation of the Borrower to repay the Disbursements shall be evidenced by the Loan Agreement and the Note which contain terms relating to maturity, interest rate, payments, prepayment, acceleration and other matters.

Section 2.03. Disbursement Procedures.

(a) Whenever the Borrower desires a Disbursement, which shall be no more often than monthly, the Borrower shall submit to the Purchaser a Draw Request, duly executed on behalf of the Borrower, setting forth the information requested therein. Each Draw Request shall be submitted on or between the 1st day and the 15th day of the month in which a Disbursement is requested, and shall be filed at least 7 days before the date the Disbursement is desired. With respect to construction items (so called "hard costs") each Draw Request shall be limited to amounts equal to (i) the total of such costs actually incurred and paid or owing by the Borrower to the date of such Draw Request for work performed on the Project that the Purchaser has committed to finance pursuant to Section 2.02 hereof, plus (ii) the cost of materials and equipment not incorporated in the Project, but delivered to and suitably stored on the Land; less, (iii) 5.0% holdback with respect to labor and not materials (or such lesser holdback as is authorized by the Purchaser) and less prior Disbursements. Notwithstanding anything herein to the contrary, no Disbursements for materials stored on the Land will be made by the Purchaser unless the Borrower provides suitable security for such storage. With respect to all other costs (so called "soft costs") each Draw Request shall be limited to the total of such costs incurred by the Borrower to the date of such Draw Request, less prior Disbursements for such costs. Each Draw Request shall constitute a representation and warranty by the Borrower that all representations and warranties set forth in Article 4 are true and correct as of the date of such Draw Request.

(b) At the time of submission of each Draw Request, the Borrower shall also submit to the Purchaser and Title any materials required by Title, including (without limitation) a written lien waiver from each Contractor for work done and materials supplied by it which were paid for pursuant to the previous Draw Request.

(c) If on the date a Disbursement is desired, (i) the Borrower has performed all of its agreements and complied with all requirements therefor to be performed or complied with hereunder including satisfaction of all applicable conditions precedent contained in Article 3 hereof, (ii) the Borrower has performed all of its obligations hereunder, and (iii) the Purchaser receives a current construction report from the inspecting architect/engineer, if any, confirming the accuracy of the information set forth in the Draw Request, the Purchaser shall advance under the Note and disburse the amount of the requested Disbursement to or at the direction of the Borrower. Each Disbursement shall constitute an advance under the Note and shall bear interest at the rate provided in the Note from the date such Disbursement is disbursed by the Purchaser.

Section 2.04. Deposit of Funds by the Borrower. If the Purchaser shall at any time after the conditions set forth in Section 3.02 have been met in good faith determine that the undisbursed

amount of the Note is less than the amount required to pay all unpaid costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Project, and shall thereupon send written notice thereof to the Borrower specifying the amount required to be deposited by the Borrower into the Project Fund to provide sufficient funds to pay all such costs and complete the Project, the Borrower agrees that it will, within 7 calendar days of receipt of any such notice, deposit into the Project Fund the amount of funds specified in the Purchaser's notice. The Borrower agrees that any such funds so deposited may be disbursed before any further disbursement of monies in the Project Fund, to pay any and all costs and expenses of any kind in connection with completion of the Project.

Section 2.05. Disbursements Without Receipt of Draw Request. Notwithstanding anything herein to the contrary, the Purchaser shall have the irrevocable right at any time and from time to time to apply monies in the Project Fund or Reserve Fund to pay interest on the Note as and when it becomes due, and to pay any and all of the expenses referred to in Section 7.04 hereof, all without receipt of a Draw Request from the Borrower.

ARTICLE 3

CONDITIONS OF ADVANCES

Section 3.01. Conditions Precedent to Initial Advance. The obligation of the Purchaser to make the initial advance of \$50,001 to pay certain costs of the Project shall not be subject to the requirements provided elsewhere in this Agreement (except as indicated in this Section 3.01), but shall be subject to the condition precedent that the Borrower shall be in compliance with the conditions contained in Section 3.03 and the further condition precedent that the Purchaser shall have received on or before the date of the initial advance under the Note, the following, each to be satisfactory to the Purchaser in form and substance:

- (a) The Loan Agreement duly executed by the Issuer and the Borrower;
- (b) The Note duly executed by the Issuer;
- (c) The Pledge Agreement duly executed by the Issuer and the Purchaser;
- (d) The Regulatory Agreement duly executed by the Issuer, Borrower and the Purchaser;
- (e) The Guaranty duly executed by the Guarantor;
- (f) The Organizational Documents;
- (g) A signed copy of a favorable opinion of counsel to the Borrower; and
- (h) An opinion of Briggs and Morgan, Professional Association, or other nationally-recognized bond counsel to the effect that interest on the Note is exempt from all federal and state income taxes.

Section 3.02. Conditions Precedent to Further Disbursements. The obligation of the Purchaser to make additional advances of the purchase price of the Note and Disbursements shall be subject to the conditions precedent that the Borrower shall have received the consent of the Purchaser and be in compliance with all the conditions contained in Section 3.03 and the further condition precedent that the Purchaser shall have received (unless waived in writing by the Purchaser) on or before the date of each further Disbursement, each of the following, each to be satisfactory to the Purchaser in form and substance:

- (a) A mortgage and assignment of leases and rents encumbering the Land;
- (b) An Assignment of Construction Contract duly executed by the Borrower and consented to by the General Contractor;
- (c) An Assignment of Architect's Contract duly executed by the Borrower and consented to by the Architect;
- (d) A copy of the Plans and Specifications;
- (e) Copies of the Construction Contract and the Architect's Contract;
- (f) Copies of such Subcontracts as the Purchaser may request, together with a letter from each Contractor under such Subcontracts permitting the Purchaser, upon its election to complete the Facility in accordance with the provisions of Section 6.02(c) hereof, to acquire the interest of the Contractor under such Subcontracts;
- (g) The Sworn Construction Statement;
- (h) The Appraisal;
- (i) An extended coverage ALTA Mortgagee's Policy of Title Insurance issued by Title (Form 1970 or Form 1992 Revised 10 23 92 with the exclusion for creditors rights and arbitration requirements deleted) and containing such endorsements as Purchaser may require including ALTA Form 9 Comprehensive Endorsement and ALTA Form 3.0 Zoning Endorsement. Such Policy shall be in an amount equal to the amount of the Loan and shall insure any mortgage as a first lien on a good and marketable fee simple title to the Facility and the Land, subject only to such encumbrances as shall be acceptable to the Purchaser. Without limiting the generality of the foregoing, such Policy shall insure the Purchaser against claims for mechanics' liens, rights of parties in possession and matters which would be disclosed by a comprehensive survey of the Land;
- (j) A boundary survey of the Land prepared and certified by a licensed or registered surveyor to the Purchaser in accordance with Minimum Standard Detail Requirements for a Class A Urban ALTA Land Survey (as most recently adopted by the ALTA/NSPS) including Items Nos. 1, 2, 3, 4, 6, 7(a), 7(b)(1), 8, 9, 10, and 13 of Table A of the Requirements and such other items as the Purchaser may reasonably require. The survey shall set forth the street address of the Facility and the Land along with the legal description and the number of square feet within said description. The survey shall be "spotted" to show the proposed Facility according to the site plan prepared by the Architect

and revised to show foundations when laid. Upon completion of the Facility the survey shall be recertified “as built”;

(k) A copy of the plat for the Project conforming to all platting requirements, or evidence that a plat is not required or has been waived by the appropriate Governing Authority;

(l) Appropriate searches conducted in the required offices in the State showing no tax liens, bankruptcies, judgments or other liens affecting the Borrower, the Facility or the Land, and Uniform Commercial Code searches conducted disclosing no security interests existing against the Project including the equipment, fixtures and personalty;

(m) The site plan prepared by the Architect showing the proposed Facility;

(n) A letter from the appropriate Governing Authority stating that the Facility when constructed in accordance with the Plans and Specifications will comply in all respects with all applicable ordinances, zoning, planned unit development, subdivision, platting, environmental and land use requirements, without special variance or exception, and such other evidence as the Purchaser shall request to establish that the Project and the contemplated use thereof are permitted by and comply with all applicable use or other restrictions and requirements in prior conveyances, zoning ordinances, environmental laws and regulations, water shed district regulations and all other applicable laws or regulations, and have been duly approved by the municipal and other governmental authorities having jurisdiction over the Project, and that all required permits for construction have been obtained;

(o) Soil reports describing the soil conditions and indicating any corrective action that may be necessitated because of such conditions, together with evidence that the Plans and Specifications incorporate such corrective action, if any;

(p) A Phase I Environmental Site Assessment, addressed and certified to the Borrower and the Purchaser and performed by a qualified licensed engineer or certified environmental/industrial hygienist in strict conformance with the Standard Practice for Environmental Site Assessment Process, ASTM Standard E1527 97 and a findings and conclusions section consistent with Section 11.6.1 thereof and any additional investigations and analysis necessary for the consultant to conclude there are no Recognized Environmental Conditions (as such term is used in Standard E1527) associated with the Project, or such have been remediated in accordance with applicable law;

(q) The Total Project Cost Statement;

(r) Letters from utility companies establishing that all utilities necessary for the construction and operation of the Facility are available at the boundaries of the Land, including without limitation water, sewer, electricity, gas and telephone, and that the Borrower has the right to connect to and use such utilities;

(s) Copies of the policies of builder's risk insurance (including business interruption insurance) and comprehensive general liability insurance and a certificate of the worker's compensation insurance, with all such insurance in full force and effect; and

(t) Such other documents as the Purchaser may require.

Section 3.03. Further Conditions Precedent to All Disbursements. The obligation of the Purchaser to make each subsequent Disbursement shall be subject to the condition precedent that the Borrower shall be in compliance with all conditions set forth in Sections 3.01 and 3.02, and the further conditions precedent that on the date of such Disbursement:

(a) No Event of Default hereunder, or event which would constitute an Event of Default but for the requirement that notice be given or that a period of cure or time elapse, shall have occurred and be continuing and all representations and warranties made by the Borrower in Article 4 shall continue to be true and correct as of the date of such Disbursement.

(b) No determination shall have been made by the Purchaser that the unadvanced amount of the Note is less than the amount required to pay all costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Project; or if such a determination has been made and notice thereof sent to the Borrower, the Borrower has deposited the necessary funds in the Project Fund in accordance with Section 2.04 hereof.

(c) The disbursement requirements of Section 2.03 hereof shall have been satisfied.

(d) If required by the Purchaser, the Purchaser shall be furnished with an updated statement of the Borrower and of any Contractor, in form and substance required by the Purchaser, setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every Contractor, subcontractor, person, firm or corporation furnishing materials or performing labor in connection with the construction of any part of the Project.

(e) The Borrower shall have provided to the Purchaser such evidence of compliance with all of the provisions of this Agreement as the Purchaser may reasonably request.

(f) The Borrower shall have provided to the Purchaser copies of all building permits and such other licenses and permits as may be required to construct the Facility. No license or permit necessary for the construction of the Facility shall have been revoked or the issuance thereof subjected to challenge before any court or other Governing Authority.

Section 3.04. Conditions Precedent to the Final Disbursement. The obligation of the Purchaser to make the final Disbursement shall be subject to the condition precedent that the Borrower shall be in compliance with all conditions set forth in Sections 3.01, 3.02 and 3.03, and, further, that the following conditions shall have been satisfied:

(a) The Project, including all landscape and parking requirements, shall have been completed in accordance with the Plans and Specifications and the Purchaser shall have received a Certificate of Completion from the General Contractor and the Architect certifying that (i) work on the Project has been completed in accordance with the Plans and Specifications and all labor, services, materials and supplies used in such work have been paid for and (ii) the completed Project conforms with all applicable zoning, land use planning, building and environmental laws and regulations of all Governing Authorities.

(b) The Purchaser shall have received satisfactory evidence that all work requiring inspection by municipal or other Governing Authorities has been duly inspected and approved by such authorities, and that all requisite certificates of occupancy and any other approvals for occupancy and operation of the Project have been issued.

(c) The Purchaser and Title shall have received a final lien waiver from each Contractor for all work done and for all materials furnished by it for the Project or Title shall be reasonably satisfied that such lien waivers will be provided within 30 days and shall have provided its Policy of Title Insurance described in Section 3.02(i) with the mechanic's lien exception removed.

(d) The Purchaser shall have received an "as built" survey of the Land meeting all of the requirements set forth in Section 3.02(j) and showing that the Facility as completed is entirely within the exterior boundaries of the Land and any building setback or restriction lines and do not encroach upon any easements or right of way, and showing such other information as the Purchaser may reasonably request.

Section 3.05. No Waiver. The making of any Disbursement prior to fulfillment of any condition thereof shall not be construed as a waiver of such condition, and the Purchaser reserves the right to require fulfillment of any and all such conditions prior to making any subsequent Disbursements.

Section 3.06. Refunding of Note Prior to Completion of Project. It is the expectation of the Borrower and the Purchaser that the Borrower will refund the Note prior to completion of the Project. Notwithstanding the conditions precedent to disbursements set forth in Sections 3.02, 3.03, and 3.04, if (i) no Event of Default has occurred and is continuing hereunder, and (ii) the Borrower has secured financing or other available funds in an amount sufficient to immediately redeem and prepay the Note in full, the Purchaser agrees to fully advance the Note on the date the Note is scheduled to be refunded and deposit such funds to the Project Fund.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties. The Borrower represents to the Purchaser and warrants as follows:

(a) The Borrower is a limited liability limited partnership, duly organized, validly existing and in good standing under the laws of the State of Minnesota, and has all requisite power and authority to enter into purchase agreements for and own the Land and

construct the Facility, and to execute and deliver and to perform all of its obligations under the Loan Agreement, this Agreement, the Note and the Security Documents and the execution and delivery thereof and the carrying out of the transactions contemplated thereby will not violate, conflict with or constitute a default under the terms of the Organizational Documents or under any note, bond, debenture or other evidence of indebtedness or any contract, loan agreement or lease to which the Borrower is a party or by which the Land is subject, or violate any law, regulation or order of any Governing Authority, or any court order or judgment in any proceeding to which the Borrower is or was a party or by which the property of the Borrower is bound.

(b) The execution, delivery and performance by the Borrower of the Loan Agreement, this Agreement, the Regulatory Agreement and the Security Documents have been duly authorized by the Borrower.

(c) This Agreement constitutes, and the Loan Agreement, the Regulatory Agreement, the Note and the Security Documents when delivered hereunder will constitute, legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

(d) The Borrower has obtained or will obtain all necessary licenses and permits required for construction of the Facility and operation of the Project, except those which cannot be obtained until completion of the Project.

(e) The Project will be constructed in accordance with the Plans and Specifications; will be constructed entirely on the Land; and will not encroach upon or overhang any easement or right of way. The Project, both during construction and at the time of completion, and the contemplated use thereof, will not violate any applicable zoning or use statute, ordinance, building code, rule or regulation, or any covenant or agreement of record. The Borrower agrees that it will furnish to the Purchaser from time to time reasonably satisfactory evidence with respect thereto.

(f) Any and all financial statements of the Borrower heretofore delivered to the Purchaser by or on behalf of the Borrower are true and correct in all respects, have been prepared and fairly present the financial condition of the subject thereof as of the respective dates thereof. No materially adverse change has occurred in the financial conditions reflected therein since the respective dates thereof. None of the aforesaid financial statements or any certificate or statement furnished to the Purchaser by or on behalf of the Borrower in connection with the transactions contemplated hereby, and none of the representations and warranties in this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading. To the best knowledge of the Borrower, there is no fact which materially adversely affects or in the future (so far as the Borrower can now foresee) may materially adversely affect the business or prospects or condition (financial or other) of the Borrower or any of its properties or assets, which has not been set forth herein or in a certificate or statement furnished to the Purchaser by the Borrower.

(g) There is no suit, action, proceeding or investigation pending or threatened against or affecting the Borrower (or any basis therefor) at law or in equity or by or before any court, arbitrator, administrative agency or other federal, state or local governmental authority which individually or in the aggregate, if adversely determined, might have a material adverse effect on, or affect the validity as to the Borrower of, any of the transactions contemplated by this Agreement or the ability of the Borrower to perform its obligations hereunder or as contemplated hereby.

(h) No consent, approval, order or authorization of or registration, declaration or filing with any governmental authority is required in connection with a valid execution and delivery of this Agreement, the Loan Agreement, the Regulatory Agreement, the Security Documents or of any and all other agreements and instruments herein mentioned to which the Borrower is a party or the carrying out or performance of any of the transactions required or contemplated thereby, or, if required, such consent, approval, order or authorization shall have been obtained or such registration, declaration or filing shall have been accomplished prior to the initial Disbursement.

(i) The principal amount of the Note, together with any other funds to be contributed toward the payment of Project Costs by the Borrower will be sufficient to pay the entire cost of acquiring, constructing, equipping and otherwise rendering the Project suitable for its intended use.

ARTICLE 5

ADDITIONAL COVENANTS OF THE BORROWER

Section 5.01. Affirmative Covenants. The Borrower agrees that:

(a) The Borrower will diligently proceed with the acquisition, construction and equipping of the Project in accordance with the Plans and Specifications and all applicable laws and ordinances, and will complete the Project by December 1, 2022 and will use the proceeds of the Note solely to pay Project Costs.

(b) The Borrower will use all reasonable efforts to require each Contractor to comply with all rules, regulations, ordinances and laws bearing on its conduct of work on the Project.

(c) The Borrower will provide and maintain at all times during construction of the Project (and, from time to time at the request of the Purchaser, furnish the Purchaser with proof of payment of premiums on) insurance on the Project.

(d) The Borrower shall maintain accurate and complete books, accounts and records pertaining to the Project. The Borrower will permit the Purchaser, acting by and through its officers, employees and agents during normal business hours and upon reasonable notice, to examine all books, records, contracts, plans, drawings, permits, bills and statements of account pertaining to the Project and to make extracts therefrom and copies thereof.

Section 5.02. Negative Covenants. The Borrower agrees that, without the prior written consent of the Purchaser, it will not voluntarily, involuntarily or by operation of law agree to, cause, suffer or permit (i) any sale, transfer, lease, sublease or conveyance of any interest of the Borrower, legal or equitable, in the Project, except in the ordinary course of the Borrower's business; (ii) any sale, transfer or encumbrance of any general or limited partnership or equity interests in the Borrower; or (iii) any mortgage, pledge, encumbrance or lien to be outstanding against the Project or any portion thereof, or any security interest to exist therein, except as created by the Security Documents, disclosed on those certain Commitments for Title Insurance issued by Commercial Partners Title, LLC as agent for Old Republic National Title Insurance Company, commitment number 55705 with an effective date of June 19, 2019, as it may be amended or supplemented from time to time, or as explicitly permitted within the Security Documents, without, in each instance, the prior written consent of the Purchaser. If the Borrower breaches the foregoing covenant, the Purchaser may, at its election, refuse to make any future advances under the Loan pursuant to the Disbursing Agreement and/or declare all amounts owing under this Agreement, the Loan Agreement, the Note, the Guaranty and the other Security Documents to be immediately due and payable, without notice to the Borrower (which notice the Borrower hereby expressly waives), and upon such declaration all such amounts shall be immediately due and payable. Any transfer of an interest in the General Partner, including in accordance with the terms of the Partnership Agreement, shall require the consent of the Purchaser, which shall not be unreasonably withheld, delayed or conditioned.

No transfer, conveyance, lease, sale or other disposition shall relieve the Borrower from personal liability for its obligations hereunder or under the other Security Documents, whether or not the transferee assumes such obligations. The Purchaser may, without notice to the Borrower, deal with any successor owner of all or any portion of the Project in the same manner as with the Borrower, without in any way discharging the liability of the Borrower hereunder or under the Security Documents.

ARTICLE 6

EVENTS OF DEFAULT AND RIGHTS AND REMEDIES

Section 6.01. Events of Default. Each of the following shall constitute an Event of Default.

(a) The Borrower shall fail to pay, when due, interest or principal due under the Loan Agreement or the Note or, upon written notice to the Borrower, any other amounts due under the Loan Agreement and such failure shall continue for 10 calendar days;

(b) Any representation or warranty made by the Borrower herein, in the Security Documents or in any financial statement, certificate, report or Draw Request furnished pursuant to this Agreement or the Security Documents shall prove to have been untrue in any material respect as of the time such representation or warranty was made;

(c) The Borrower shall fail duly to observe or perform, any of the terms, conditions, covenants or agreements required to be observed or performed by the Borrower hereunder (other than terms, conditions, covenants or agreements otherwise specifically

dealt with in this Article 6), and such failure shall continue for a period of 30 calendar days after written notice of such failure has been given by the Purchaser to the Borrower, provided that if the Borrower promptly commences and diligently pursues a cure but such default cannot reasonably be cured within 30 days, then the Borrower may have an additional 30 days within which to cure the default;

(d) The Borrower shall be in default under or in breach of any of the covenants contained in any of the Security Documents and such default or breach shall not be cured or waived within the period or periods of grace or time allowed to cure, if any, applicable thereto;

(e) An Event of Default as defined in the Loan Agreement shall occur and be continuing, and such Event of Default shall not be cured or waived within the period or periods of grace or time allowed to cure, if any, applicable thereto;

(f) The Facility shall be materially damaged or destroyed by fire or other casualty and the loss, in the reasonable judgment of the Purchaser, shall not be adequately covered by insurance actually collected or in the process of collection or by other funds available to the Borrower;

(g) The Purchaser shall have given notice to the Borrower pursuant to Section 2.04 hereof to deposit additional funds in the Project Fund and the Borrower shall have failed to do so within 7 calendar days;

(h) The Borrower shall fail to comply with any requirement of any Governing Authority within 30 days after notice in writing of such requirement shall be given to the Borrower by such Governing Authority, subject to any rights of the Borrower to contest such requirement as provided in the Security Documents;

(i) The Borrower shall fail to disclose to the Purchaser the names of all persons with whom the Borrower contracted or intends to contract for the construction of the Facility or the furnishing of labor or any materials therefor or shall fail to exhibit to the Purchaser, upon request, copies of all such contracts;

(j) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a custodian, receiver or trustee for any of its property shall be filed by the Borrower, or a petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a custodian, receiver or trustee of any of the Borrower's property shall be filed against the Borrower and shall not be dismissed within 90 days, or a custodian, receiver or trustee of any property of the Borrower shall be appointed and shall not be discharged within 90 days, or the Borrower shall make an assignment for the benefit of creditors or generally shall not pay its debts as they become due, or the Borrower shall be adjudged insolvent by any state or federal court of competent jurisdiction, or an attachment or execution shall be levied against any substantial portion of the property of the Borrower and shall not be discharged within 90 days.

Section 6.02. Rights and Remedies. Upon the occurrence of an event which with the passage of time or the giving of notice or both would constitute an Event of Default and at any time thereafter, the Purchaser may by notice in writing to the Borrower, refrain from making any further Disbursements hereunder (but the Purchaser may make Disbursements after the occurrence of such an event or an Event of Default without thereby waiving its rights and remedies hereunder). Upon the occurrence of an Event of Default the Purchaser may, at its option, exercise any and all of the following rights and remedies (and any other rights and remedies available to it):

(a) The Purchaser may, by 10 days' written notice to the Borrower, declare immediately due and payable all unpaid principal and accrued interest owing under the Loan Agreement and the Note, together with all other sums payable thereunder (including any amounts due upon prepayment of the Loan or Note), and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived.

(b) The Purchaser shall have the right, in addition to any other rights provided by law, to enforce its rights and remedies under the Loan Agreement and the other Security Documents.

(c) The Purchaser may pay any amount or take any other action necessary to remedy the Event of Default, and any amount so paid shall be repaid to the Purchaser by the Borrower on demand with interest at the rate provided for in the Note plus 5.0%.

(d) The Purchaser may at its option apply any amounts in the Project Fund or Reserve Fund (as defined in the Loan Agreement) to repay amounts owing under the Note or the Security Documents, or the Purchaser may use such amounts to pay the costs of completing the Project.

ARTICLE 7

MISCELLANEOUS

Section 7.01. Inspections. The Borrower and the Architect shall be responsible for making inspections of the Project during the course of the construction of the Facility and shall determine to their own satisfaction that the work done or materials supplied by the Contractors to whom payment is to be made out of each Disbursement has been properly done or supplied in accordance with the Construction Contract and the other applicable contracts with the Contractors. If any work done or materials supplied by a Contractor are not satisfactory to the Borrower and/or its Architect and the same is not remedied within 15 days of the discovery thereof; the Borrower will immediately notify the Purchaser in writing of such fact. It is expressly understood and agreed that the Purchaser and any inspecting architect/engineer engaged by the Purchaser may conduct such inspections of the Project as either may deem necessary for the protection of the Purchaser's interest, and that any inspections which may be made of the Project by the Purchaser or such inspecting architect/engineer will be made, and all certificates issued by any inspecting architect/engineer will be issued, solely for the benefit and protection of the Purchaser, and that the Borrower will not rely thereon.

Section 7.02. Indemnification by the Borrower. The Borrower shall bear all loss, expense (including attorneys' fees) and damage in connection with, and agrees to indemnify and hold harmless the Purchaser, its agents, servants and employees from all claims, demands and judgments made or recovered against the Purchaser, its agents, servants and employees (the "Indemnified Partners"), because of bodily injuries, including death at any time resulting therefrom, and/or because of damages to property of the Purchaser or otherwise (including loss of use) from any cause whatsoever, except to the extent due to the gross negligence or willful misconduct of the Purchaser, arising out of, incidental to, or in connection with the construction of the Project, whether or not due to any act of omission or commission, including negligence of the Borrower or any Contractor of its or their employees, servants or agents, and whether or not due to any act of omission or commission of the Purchaser, its employees, servants or agents. The Borrower's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Borrower or subject to any exclusions from coverage in any insurance policy. The obligations of the Borrower under this Section shall survive the payment of all amounts owing under the Loan Agreement and the Note.

Section 7.03. Additional Security Interest. In the event a Disbursement is to be made for materials then being fabricated or stored, or both, for later use in the completion of the Project but which are not then stored upon the Land or installed or incorporated into the Project, then such Disbursement shall be made only after the Borrower has given to the Purchaser such security instruments and insurance on such materials as the Purchaser may reasonably request.

Section 7.04. Fees and Expenses. Whether or not any Disbursement shall be made hereunder, the Borrower agrees to pay all fees of Title and the appraisal fees, survey fees, recording fees, license and permit fees and title insurance and other insurance premiums, and agrees to reimburse the Purchaser upon demand for all reasonable out of pocket expenses actually incurred by the Purchaser in connection with this Agreement or in connection with the transactions contemplated by this Agreement, including, but not limited to, any and all reasonable legal expenses and attorneys' fees sustained by the Purchaser in the exercise of any right or remedy available to it under this Agreement (whether or not suit is commenced) or otherwise by law or equity and all reasonable fees and disbursements of counsel for the Purchaser for the services performed by such counsel in connection with the preparation of this Agreement and the other documents and instruments contemplated hereby.

Section 7.05. Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if (a) delivered personally or sent by telecopier or electronic mail, (b) sent by nationally recognized overnight courier or (c) sent by certified mail, postage prepaid, return receipt requested, addressed as follows:

- (a) If to the Purchaser at:

Bridgewater Bank
7831 Bush Lake Road, Suite 300
Bloomington, MN 55439
Attn: Ross Wieser
Facsimile: (952) 893-6850
Email: ross.wieser@bwbmnm.com

With a copy to:

Messerli & Kramer, P.A.
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402
Attn: Michelle Jester, Esq.
Facsimile: (612) 672-3777
Email: mjester@messerlikramer.com

- (b) If to the Borrower at:

Roseville Leased Housing Associates I, LLLP
c/o Dominion
2905 Northwest Blvd., Suite 150
Plymouth, MN 55441
Attn: Ryan J. Lunderby
Facsimile: (763) 354-5519
Email: rlunderby@dominiuminc.com

With a copy to: Winthrop & Weinstine, P.A.
Capella Tower
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
Attn: John Stern and Scott Jahnke
Facsimile: (612) 604-6588
Email: jstern@winthrop.com
sjahnke@winthrop.com

or to such other addresses as the party to whom notice is to be given may have furnished to each other party by 10 days' advance notice in writing in accordance herewith. Any such communication shall be deemed to have been given (i) when delivered if personally delivered or sent by telecopier or email during a business day, (ii) on the business day after dispatch if sent by nationally recognized, overnight courier on other than during a business day, and (iii) on the third day after dispatch, if sent by mail.

Section 7.06. Time of Essence. Time is of the essence in the performance of this Agreement.

Section 7.07. Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Purchaser and their respective successors and assigns, except that the Borrower may not transfer or assign its rights hereunder without the prior written consent of the Purchaser, except as specifically provided in Section 5.02.

Section 7.08. Waivers. No waiver by the Purchaser of any default hereunder shall operate as a waiver of any other default or of the same default on a future occasion. No delay on the part of the Purchaser in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or future exercise thereof or the exercise of any other right or remedy.

Section 7.09. The Purchaser's Remedies Cumulative. The rights and remedies hereby specified are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have.

Section 7.10. Governing Law and Entire Agreement. This Agreement shall be governed by the laws of the State of Minnesota. This Agreement contains the entire agreement of the parties on the matters covered herein. No other agreement, statement or promise made by any party or by any employee, officer, or agent of any party that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 7.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 7.12. Inconsistency. In the event that any of the terms and provisions of this Agreement are inconsistent with any of the terms and provisions of the Loan Agreement or the other Security Documents, the terms and provisions of this Agreement shall govern.

Section 7.13. Conditions of Disbursements. All conditions of the obligation of the Purchaser to make Disbursements hereunder are imposed solely and exclusively for the benefit of the Purchaser, and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that the Purchaser will refuse to make Disbursements in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by the Purchaser at any time if the Purchaser, in its sole discretion, deems it advisable to do so.

Section 7.14. Amendments. Neither this Agreement nor any provision hereof may be amended, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Section 7.15. Jurisdiction. The Borrower hereby irrevocably agrees that any legal action or proceedings against it with respect to this Agreement may be brought in the Anoka County District Court in the State of Minnesota, or in any United States District Court in the State of Minnesota, and by the execution and delivery of this Agreement, the Borrower hereby irrevocably submits to the jurisdiction of each such court and hereby irrevocably waives any and all objections

that the Borrower may have as to jurisdiction or venue in any of such courts. The Borrower acknowledges that it has received sufficient consideration for any inconvenience which may be caused by any legal action brought in the State of Minnesota, and agrees that the enforcement of the provisions of this paragraph against the Borrower would not be unreasonable or unfair under all the circumstances of the Loan or this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BORROWER:

ROSEVILLE LEASED HOUSING
ASSOCIATES I, LLLP, a Minnesota limited
liability limited partnership

By: Roseville Leased Housing Associates I,
LLC, a Minnesota limited liability company
Its: General Partner

By: _____
Name: Ryan J. Lunderby
Its: Vice President

Signature page to Disbursing Agreement

PURCHASER:

BRIDGEWATER BANK
Purchaser

By _____
Name: Ross Wieser
Title: Vice President

Signature page to Disbursing Agreement

Attachment E

REGULATORY AGREEMENT

between

CITY OF ROSEVILLE, MINNESOTA
as Issuer

BRIDGEWATER BANK
as Purchaser

and

ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP,
as Borrower

Dated _____, 2019

This instrument drafted by:
Briggs and Morgan, Professional Association (CJC)
80 South 8th Street, Suite 2200
Minneapolis, Minnesota 55402

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REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT, dated _____, 2019 (this “Regulatory Agreement”), is made and entered into between the CITY OF ROSEVILLE, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “Issuer”), BRIDGEWATER BANK a Minnesota banking corporation (the “Purchaser”), and ROSEVILLE LEASED HOUSING ASSOCIATES I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”).

RECITALS

The Issuer is authorized to issue bonds or other obligations to provide financing for multifamily housing developments in accordance with the terms of Minnesota Statutes, Chapter 462C, as amended.

For the purpose of financing the acquisition, construction, and equipping of an approximately 228-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City of Roseville, Minnesota (the “Project”); on the real property described on EXHIBIT A attached hereto (the “Land”), funding one or more reserve funds to secure the timely payment of the Note, if necessary; paying interest on the Note during the construction of the Project, if necessary; and paying the costs of issuing the Note, the Issuer will issue its Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019 (the “Note”), in the original aggregate principal amount of \$4,346,852, in accordance with the terms of Resolution No. _____, adopted by the City Council of the Issuer on November 4, 2019.

The Issuer will loan the proceeds derived from the sale of the Note to the Borrower pursuant to the terms of a Loan Agreement, dated the date hereof, between the Issuer and the Borrower, to finance the Project.

For good and valuable consideration, the Borrower, the Purchaser, and the Issuer have determined to enter into this Regulatory Agreement in order to assure compliance with certain requirements of the Code (hereinafter defined) and of the Act (hereinafter defined) applicable to the Project.

NOW, THEREFORE, the Borrower, the Purchaser, and the Issuer do hereby impose upon the Project the following covenants, restrictions, charges, and easements, which shall run with the land and shall be binding and a burden upon the Project and all portions thereof, and upon any purchaser, grantee, owner, or lessee of any portion of the Project and any other person or entity having any right, title, or interest therein and upon the respective heirs, executors, administrators, devisees, successors, and assigns of any purchaser, grantee, owner, or lessee of any portion of the Project and any other person or entity having any right, title, or interest therein, for the length of time that this Regulatory Agreement shall be in full force and effect:

Section 1. Definitions. Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the terms defined above shall have the meanings set forth above and the following terms shall have the respective meanings set forth below for the purposes hereof.

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Loan Agreement.

“*Act*” means Minnesota Statutes, Chapters 462A, 462C and 474A, as amended.

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one Dwelling Unit), as calculated in the manner prescribed under Section 142(d)(2)(B) of the Code.

“*Bond Counsel*” means Briggs and Morgan, Professional Association, or any other attorney at law or firm of attorneys, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds and other obligations issued by states and political subdivisions thereof, duly admitted to practice law before the highest court of any state of the United States of America.

“*Borrower*” means Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, its successors and assigns, to the extent permitted by the Loan Agreement.

“*Certificate of Continuing Program Compliance*” means the document substantially in the form of EXHIBIT C hereto.

“*Code*” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Note.

“*County*” means Ramsey County in the State.

“*Dwelling Units*” means the units of multifamily residential rental housing comprising the Project.

“*Event of Default*” has the meaning specified in Section 13 hereof.

“*Functionally Related and Subordinate*” shall mean and include facilities for use by tenants, for example, laundry facilities, parking areas, and recreational facilities, provided that the same is of a character and size commensurate with the character and size of the Project.

“*Housing Act*” means the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq.

“*Issuer*” means the City of Roseville, Minnesota, a municipal corporation and political subdivision of the State.

“*Loan*” means the loan of the proceeds of the Note provided by the Issuer to the Borrower pursuant to the Loan Agreement to provide financing for the Project.

“*Loan Agreement*” means the Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower, as it may be amended and supplemented from time to time.

“*Low Income Tenants*” means persons or families with Adjusted Income which does not exceed [60]% of the Median Income for the Area adjusted for household size. In no event will the occupants of a unit be considered to be Low Income Tenants if all of such occupants are students (as defined in Section 152(f)(2) of the Code), unless the unit is occupied:

(i) by an individual who is (A) a student and receiving assistance under Title IV of the Social Security Act, (B) a student who was previously under the care and placement responsibility of the State agency responsible for administering a plan under Part B or Part E of Title IV of the Social Security Act, or (C) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, State, or local laws; or

(ii) entirely by full-time students if such students are (A) single parents and their children and such parents are not dependents (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual other than a parent of such children, or (B) married and entitled to file a joint return.

“*Low Income Units*” means the Dwelling Units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

“*Median Income for the Area*” means the median yearly income for households of an applicable size in the applicable Primary Metropolitan Statistical Area as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the Housing Act, or, if such figures are no longer available, the method of calculation is substantially altered, or the programs under Section 8(f) are terminated, the Issuer shall provide the Borrower with another income determination that is reasonably similar to the method used by the Secretary prior to such termination.

“*Note*” means the Issuer’s Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019, issued in the original aggregate principal amount of \$4,346,852.

“*Pledge Agreement*” means the Pledge Agreement, dated as of the date hereof, between the Issuer and the Purchaser, as it may be amended and supplemented from time to time.

“*Project*” has the meaning assigned to such term in the recitals to this Regulatory Agreement.

“*Purchaser*” means Bridgewater Bank, a Minnesota banking corporation, or any successor or assign.

“*Qualified Project Period*” means the period beginning on the later of the date of issuance of the Note and the first day on which 10% of the Dwelling Units in the Project are occupied and ending on the latest of:

- (i) the date which is 15 years after the date on which 50% of the Dwelling Units in the Project are occupied;
- (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or
- (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“*Regulatory Agreement*” means this Regulatory Agreement, together with any amendments or supplements hereto.

“*Resolution*” means Resolution No. _____, adopted by the City Council of the Issuer on November 4, 2019, authorizing the issuance of the Note.

“*Section 474A Penalty*” means the penalty described in Minnesota Statutes, Section 474A.047, subdivision 3, as applied to the Project.

“*State*” means the State of Minnesota.

“*Treasury Regulations*” means the regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate, and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all of the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

Section 2. Representations by the Borrower. The Borrower covenants, represents, and warrants that:

(a) The Borrower is a limited liability limited partnership organized and existing under the laws of the State. The Borrower is in good standing in the State and has duly authorized, by proper action, the execution and delivery of this Regulatory Agreement. The Borrower is duly authorized by the laws of the State to transact business in the State and to perform all of its duties hereunder.

(b) Neither the execution and delivery of this Regulatory Agreement or any other document in connection with the financing of the Project, the consummation of the transactions contemplated hereby and thereby nor the fulfillment of or compliance with the terms and conditions hereof and thereof conflicts with or results in a breach of any of the terms, conditions,

or provisions of any agreement or instrument to which the Borrower is now a party or by which it is bound or constitutes a default (with due notice or the passage of time or both) under any of the foregoing or results in the creation or imposition of any prohibited lien, charge, or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any instrument or agreement to which the Borrower is now a party or by which it is bound.

(c) The execution, delivery, and performance of this Regulatory Agreement and all other documents to be delivered by the Borrower in connection with the consummation of the transactions contemplated hereby will not conflict with, or constitute a breach of or default under, any indenture, mortgage, deed of trust, lease, commitment, agreement, or other instrument or obligation to which the Borrower is a party or by which the Borrower or any of its property is bound, or under any law, rule, regulation, judgment, order, or decree to which the Borrower is subject or by which the Borrower or any of its property is bound.

(d) To the best of the Borrower's knowledge, there is no action, suit, proceeding, inquiry, or investigation by or before any governmental agency, public board, or body pending or threatened against the Borrower (nor to the best of its knowledge is there any basis therefor), which:

(i) affects or seeks to enjoin, prohibit, or restrain the issuance, sale, or delivery of the Note or the use of the proceeds of the Note to finance the acquisition, construction, and equipping of the Project or the execution and delivery of this Regulatory Agreement,

(ii) affects or questions the validity or enforceability of the Note or this Regulatory Agreement,

(iii) questions the tax exempt status of the Note, or

(iv) questions the power or authority of the Borrower to own, acquire, construct, equip, or operate the Project or to execute, deliver, or perform the Borrower's obligations under this Regulatory Agreement.

(e) The Project will be located wholly within the boundaries of the City of Roseville, Minnesota.

(f) As of the date on which the Note is executed and delivered to the Purchaser, the Borrower has entered into an agreement to purchase the Land and prior to any advance from the Project Fund will have title to the Land sufficient to carry out the purposes of this Regulatory Agreement, and the Borrower will not transfer its interest in the Land, except as otherwise permitted by this Regulatory Agreement.

(g) The Project consists and will consist of those facilities described herein, which generally are described as a residential apartment building and related facilities situated on the real property described in EXHIBIT A hereto. The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exemption from federal income taxation of the interest on the Note. The Borrower will utilize and operate the Project as a multifamily rental housing project during the term of the Note in

accordance with all applicable federal, State, and local laws, rules, and regulations applicable to the Project.

(h) The Borrower has obtained, or will obtain on or before the date required therefor, all necessary certificates, approvals, permits, and authorizations with respect to the operation of the Project.

(i) The Borrower does not currently own and does not intend to own the Note. The Borrower acknowledges and understands that if the Borrower or a “substantial user” of the Project financed with the proceeds of the Note or a “related person,” as those terms are employed in Section 147(a) of the Code, owns the Note, or any portion thereof, interest on the Note during such period of ownership will not be excludable from gross income for federal income tax purposes.

(j) The Borrower does not own any buildings or structures which are proximate to the Project other than those buildings or structures which comprise the Project, which are being financed pursuant to a common plan under which the Project is also being financed.

(k) The statements made in the various certificates delivered by the Borrower to the Issuer or the Purchaser on the date of issuance of the Note are true and correct.

Section 3. Qualified Residential Rental Project. The Borrower shall acquire, construct, equip, own, manage, and operate the Project as a “qualified residential rental project,” as such phrase is utilized in Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. To that end, the Borrower hereby represents, warrants, and covenants as follows:

(a) that a qualified residential rental project will be acquired and constructed on the property described in EXHIBIT A hereto, and the Borrower shall own, manage and operate the Project as a qualified residential rental project containing Dwelling Units and facilities Functionally Related and Subordinate to such Dwelling Units, in accordance with Section 142(a)(7) and Section 142(d) of the Code and all applicable Treasury Regulations promulgated thereunder, as the same may be amended from time to time;

(b) that all of the Dwelling Units of the Project will be similarly constructed and each Dwelling Unit in the Project will contain complete facilities for living, sleeping, eating, cooking, and sanitation for a single person or a family;

(c) that:

(i) none of the Dwelling Units in the Project shall at any time in the future be utilized on a transient basis;

(ii) that none of the Dwelling Units in the Project shall at any time in the future be leased or rented for a period of less than 30 days; and

(iii) that neither the Project nor any portion thereof shall be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or trailer court for use on a transient basis, or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code);

- (d) that once available for occupancy:
 - (i) each Dwelling Unit in the Project must be rented or available for rental on a continuous basis to members of the general public during the Qualified Project Period; and
 - (ii) the Borrower shall not give preference in renting Dwelling Units in the Project to any particular class or group of persons, other than Low Income Tenants as provided herein or as otherwise permitted by law;
- (e) that the Dwelling Units in the Project shall be leased and rented to members of the general public in compliance with this Regulatory Agreement, except for any Dwelling Unit for a resident manager or maintenance personnel;
- (f) that the Project consists of one or more discrete edifices and other man made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more parcels of land which are contiguous except for being separated only by a road, street, stream, or a similar property and (iii) financed by the Loan or otherwise pursuant to a common plan of financing, and which consists entirely of:
 - (i) units which are similar in quality and type of construction and amenities; and
 - (ii) property Functionally Related and Subordinate in purpose and size to the Project, e.g., parking areas, laundries, swimming pools, tennis courts, and other recreational facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment, or units for residential managers or maintenance personnel;
- (g) that no portion of the Project shall be used to provide any health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;
- (h) that the Project shall not include a Dwelling Unit in a building where all Dwelling Units in such building are not also included in the Project;
- (i) that the Borrower shall not convert the Project to condominium or cooperative ownership;
- (j) that no Dwelling Unit in the Project shall be occupied by any partner of the Borrower (or any person related to a partner of the Borrower or to any related person to the Borrower within the meaning of Section 147(a)(2) of the Code) at any time unless such person resides in a Dwelling Unit in a building or structure which contains at least five Dwelling Units and unless the resident of such Dwelling Unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(k) that the Note will not be “federally guaranteed,” as defined in Section 149(b) of the Code;

(l) that the Project shall at all times be used and operated as a “multifamily housing development,” as defined in the Act; and

(m) that the Borrower shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g., AFDC or SSI), physical disability, national origin, or marital status in the rental, lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

Section 4. Low Income Tenants. Pursuant to the requirements of the Act and Section 142(d) of the Code, the Borrower hereby represents, warrants, and covenants as follows:

(a) Upon completion of the Project, at least 40% of the units in the Project will be occupied or held for occupancy by Low Income Tenants. Throughout the Qualified Project Period, not less than 40% of the completed units in the Project shall be continuously occupied or held for occupancy by Low Income Tenants. The Borrower will designate the Low Income Units and will make any revisions to such designations as necessary to comply with the applicable provisions of the Code and the Treasury Regulations. As set forth in paragraph (e) below, the Borrower shall advise the Issuer and the Purchaser by delivery of a certificate in writing of the status of the occupancy of the Project with respect to Low Income Tenants on an annual basis for the term of this Regulatory Agreement. An Annual Certification of a Residential Rental Project, Form 8703 (Rev. September 2013), or successor form, shall be prepared annually by the Borrower and filed with the United States Secretary of the Treasury pursuant to Section 142(d)(7) of the Code (currently with the Internal Revenue Service Center, Ogden, Utah 84201), with a copy to be filed by the Borrower with the Issuer and the Purchaser. The percentage of units is measured by number of units, and not square footage of units.

For purposes of satisfying the occupancy requirements set forth above, a unit occupied by a person or family who at the commencement of their occupancy qualified as a Low Income Tenant shall be treated as occupied by a Low Income Tenant until such time as any recertification of such tenant’s income in accordance with subsections (c) and (h) below demonstrates that such tenant’s income exceeds 140% of the income limitation applicable to Low Income Tenants or the tenant vacates the unit.

A unit occupied by a Low Income Tenant shall be deemed, upon the termination of such tenant’s occupancy, to be continuously occupied by a Low Income Tenant until reoccupied, other than for a temporary period (not to exceed 60 days), at which time the character of the unit shall be redetermined.

(b) The Borrower will notify the Issuer on an annual basis of any vacancy of any Low Income Units.

(c) The Borrower will obtain, complete, and maintain on file income certifications from each Low Income Tenant, obtained immediately prior to the initial occupancy of such tenant in the Project, and thereafter re-obtain in any year in which a unit in the Project is occupied by a

new resident whose income exceeds the applicable income limit, income certifications (based upon their then current income), from each Low Income Tenant, substantially in the form of the income certification set forth in EXHIBIT B hereto or another form approved by Bond Counsel (the "Income Certification") and will provide such additional information as may be required by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Treasury Regulations now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service applicable to the Note. Such Income Certification shall be obtained prior to initial occupancy. If requested by the Purchaser or Issuer, a copy of such Income Certification shall be filed with the Purchaser and the Issuer prior to occupancy by the tenant whenever possible but in no event more than one month after initial occupancy by the tenant. A copy of each re-certification of income shall be attached to each report filed with the Issuer and the Purchaser pursuant to Section 4(a) above. The Borrower shall make a good-faith effort to verify that the income reported by an applicant in an income certification is accurate by taking at least one of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) conduct a credit or similar search, (4) obtain an income verification form from the applicant's current employer, (5) obtain an income verification form from the Social Security Administration if the applicant receives assistance from such agency, or (6) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. If the Low Income Tenant is a Section 8 Certificate Holder, the Borrower shall retain a copy of the certificate or voucher for verification of income in lieu of an income verification.

The Borrower understands that failure to file the Annual Certification of a Residential Rental Project, Form 8703 (Rev. September 2013), or successor form, as required by Section 142(d)(7) of the Code at the times stated therein may subject it to the penalty described in Section 6652(j) of the Code.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit, upon reasonable prior notice, any duly authorized representative of the Issuer, the Purchaser, the Department of the Treasury, or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units. This section is not intended to create any additional duties to inspect records.

(e) The Borrower will prepare and submit to the Issuer and the Purchaser, on or before March 1 of each year during the Qualified Project Period, beginning the first March 1 following commencement of the Qualified Project Period, a Continuing Program Compliance Certificate in the form of EXHIBIT C attached hereto and executed by the Borrower, and, if requested by the Purchaser or Issuer the Income Certifications described in Section 4(c) above.

(f) The Borrower, upon becoming aware of an Event of Default, will notify the Issuer and the Purchaser, in writing, of the occurrence of any such Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly and in no event longer than 10 Business Days after the Borrower receives notice or gains knowledge

of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Purchaser if insurance proceeds or condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or award.

(i) Except as provided in (ii) below, the Borrower shall accept as tenants on the same basis as all other prospective tenants Low Income Tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act or its successor and shall not apply selection criteria to Section 8 certificate/voucher holders that are more burdensome than the criteria applied to all other prospective tenants.

(ii) The Borrower agrees to modify the leases for units in the Project as necessary to allow the rental of Low Income Units to Section 8 certificate/voucher holders.

(g) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the income certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

(h) Throughout the Qualified Project Period, the Borrower shall re-certify each Low Income Tenant's income on or before the anniversary of the Low Income Tenant's tenancy, in any year in which a unit in the Project is occupied by a new resident whose income exceeds the applicable income limit, by obtaining a completed Income Certification. In the event the re-certification demonstrates that any such tenant's household income exceeds 140% of the applicable income limit, the Borrower shall hold the next available unit or units of comparable or smaller size in the Project available for rental by new Low Income Tenants.

The Borrower in its sole discretion may notify, in writing, each tenant who is no longer a Low Income Tenant of such fact, and that the rent of such tenant(s) is subject to increase 30 days after receipt of such notice. The Borrower shall be entitled to so increase any such tenant's rent only if Borrower complies with any law applicable thereto and only after the Borrower has rented the next available unit or units in the Project on a one-for-one basis to a Low Income Tenant, or holds units vacant and available for occupancy by Low Income Tenants.

The Borrower agrees to inform all prospective Low Income Tenants of the requirements for re-certification of income and of the provisions of the preceding paragraph.

Section 5. Restrictions Imposed by Minnesota Statutes, Chapter 474A. Because the Note is issued by the Issuer as a residential rental project bond, as defined in Minnesota Statutes, Chapter 474A, as amended ("Chapter 474A"), and has received an allocation of tax exempt bonding authority pursuant to applicable provisions of Chapter 474A, the restrictions imposed by Chapter 474A apply to the Project as described below.

(a) In addition to any other restrictions on rent or the income of tenants set forth in this Regulatory Agreement, during the Qualified Project Period, the Borrower shall restrict rents on at least 20% of the units in the Project (which may consist of the same units as meet the requirements

of Section 4) to an amount not exceeding the area fair market rents or exception fair market rents, as applicable, for existing housing as established by the federal Department of Housing and Urban Development from time to time, which units shall be occupied, or held for occupancy, by Low Income Tenants. The rental rates of units in a residential rental project for which rental assistance payments are made are deemed to be within the rent limitations of this clause if the amount paid by the tenants is less than the fair market rents.

(b) The annual certifications required to be made by the Borrower hereunder shall conform to the requirements of Section 474A.047, subdivision 3, and the Issuer shall have the authority to impose upon the Borrower any and all penalties described in Section 474A.047, subdivision 3, from time to time, in addition to any remedies otherwise available under this Regulatory Agreement.

(c) The Borrower must satisfy the requirements of Section 474A.047, subdivision 1(a), during the Qualified Project Period. The Borrower must annually certify to the Issuer over the term of this Regulatory Agreement that the rental rates for the rent-restricted units are within the limitations under Section 474A.047, subdivision 1(a), of Chapter 474A. The Issuer may request individual certification of the income of residents of the income-restricted units. The Commissioner of Minnesota Management and Budget may request from the Issuer a copy of the annual certification prepared by the Borrower. The Commissioner of Minnesota Management and Budget may require the Issuer to request individual certification of all residents of the income-restricted units.

Section 6. Covenants Run with the Land. The Borrower hereby declares its express intent that the covenants, restrictions, charges, and easements set forth herein shall be deemed covenants running with the Land and shall, except as otherwise provided in this Regulatory Agreement, pass to and be binding upon the Borrower's successors in title including any purchaser, grantee, owner, or lessee of any portion of the Project and any other person or entity having any right, title, or interest therein and upon the respective heirs, executors, administrators, devisees, successors, and assigns of any purchaser, grantee, owner, or lessee of any portion of the Project and any other person or entity having any right, title, or interest therein. Except as otherwise provided in this Regulatory Agreement, each and every contract, deed, or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges, and easements contained herein; provided, however, that any such contract, deed, or other instrument shall conclusively be held to have been executed, delivered, and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed, or other instrument.

Section 7. Indemnification. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Issuer and its officers, agents, and employees (the "Indemnified Parties") and the Purchaser and its officers, agents, members, directors, officials, and employees as provided in the Loan Agreement. All provisions of the Loan Agreement relating to indemnification are incorporated by reference herein and are considered provisions of this Regulatory Agreement, as if expressly set out herein.

Section 8. Consideration. The Issuer has issued the Note in part to provide funds to make the Loan to finance the acquisition, construction, and equipping of the Project all for the purpose, among others, of inducing the Borrower to acquire, construct, equip, and operate the Project. In consideration of the issuance of the Note by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Note and in the exemption from federal income taxation of the interest on the Note. In performing their duties and obligations hereunder, the Issuer and the Purchaser may rely upon statements and certificates of the Borrower and the tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Purchaser may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Purchaser hereunder in good faith and in conformity with such written opinion. A copy of any such opinion shall be furnished by the Issuer or the Purchaser to the Borrower upon written request. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Purchaser shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any notice or certificate delivered to the Purchaser by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it knows, or in the exercise of reasonable care should have known, that the notice or certificate is erroneous or misleading.

The Purchaser shall be under no duty to make any investigation or inquiry as to any statements or other matters contained or referred to in any documents or any instruments delivered to it in accordance with this Regulatory Agreement, but it may receive and accept the same as conclusive evidence of the truth and accuracy of such statements.

Section 10. Sale or Transfer of the Project. The Borrower hereby covenants and agrees not to sell, transfer, or otherwise dispose of the Project, or any portion thereof, except as permitted under the terms of the Loan Agreement. Any attempted sale, transfer, or disposition which would cause or result in the violation of any of these covenants, provisions, reservations, restrictions, charges, or easements shall be null and void ab initio and of no force and effect. Nothing herein shall prohibit the transfer, sale, or assignment of the interests in the Borrower or any direct or indirect ownership interests in the Borrower's partners, except as may be prohibited under the Loan Agreement.

Section 11. Term. This Regulatory Agreement and the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for a term and period equal to the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note and termination of the Loan Agreement and the Loan if the Qualified Project Period has not expired at the time of such retirement and expiration. Notwithstanding anything in this Regulatory Agreement to the contrary:

(a) The Project may be transferred pursuant to a foreclosure, exercise of power of sale, or deed in lieu of foreclosure, or comparable proceedings under a mortgage or similar instrument

without the consent of or fee of any kind payable to the Issuer or compliance with the provisions of this Regulatory Agreement. In connection with any such foreclosure, deed in lieu of foreclosure, or other proceedings, this Regulatory Agreement may, at the option of the Purchaser, be terminated upon completion of the foreclosure and expiration of the applicable redemption period, or recording of a deed in lieu of foreclosure.

(b) The requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law, or an action of a federal agency after the date of this Regulatory Agreement, which prevents the Issuer and the Purchaser from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Note is retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof (this shall be deemed met if the Note has been previously retired); provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure, or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure, or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes.

(c) This Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the Issuer and the Borrower, and if the Note is then outstanding, the Purchaser, upon receipt of an opinion of Bond Counsel to the effect that such termination will not cause interest on the Note to become included in gross income for federal income tax purposes or cause interest on the Note to become included in the net taxable income of individuals, trusts, and estates for State income tax purposes.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver, and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 12. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the Land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the Land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which the Note was issued. Notwithstanding the foregoing, the Low Income Tenants are not intended to be third party beneficiaries of this Regulatory Agreement and shall have no rights to enforce any provision herein.

Section 13. Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement, or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Purchaser to the Borrower, then the Issuer or the Purchaser, acting on its own behalf or on behalf of the Issuer, may declare an “Event of Default” to have occurred hereunder and, at its option, may take any one or more of the following steps:

(a) by mandamus or other suit, action, or proceeding at law or in equity require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Purchaser hereunder;

(b) have access to and inspect, examine, and make copies of all the books and records of the Borrower pertaining to the Project;

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, and agreements of the Borrower hereunder; or

(d) with the Purchaser’s consent, declare a default under the Loan, accelerate the indebtedness evidenced by the Loan, and proceed to redeem the Note in accordance with its terms.

Notwithstanding anything to the contrary contained herein, the Issuer and the Purchaser hereby agree that any cure of any default made or tendered by one or more of the Borrower’s partners or by the Purchaser 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.

The Purchaser shall have the right (but not the obligation), in accordance with this Section 13, without the consent or approval of the Issuer, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such act the Purchaser shall give the Issuer written notice of its intended action. All fees, costs, and expenses of the Purchaser or the Issuer incurred in taking any action pursuant to this Section 13 shall be the sole responsibility of the Borrower and shall be paid to the Purchaser or the Issuer, as the case may be, on demand.

After the Note has been discharged, the Issuer may act on its own behalf to declare an “Event of Default” to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Purchaser.

Section 14. The Purchaser and the Issuer. The Purchaser, in its discretion, may act as the agent of and on behalf of the Issuer where requested by the Issuer to do so. The Purchaser is entering into this Regulatory Agreement in its capacity as the purchaser of the Note. The Issuer may, at all times, assume the Borrower’s compliance with this Regulatory Agreement unless otherwise notified in writing by the Purchaser (but the Purchaser shall have no obligation to so notify the Issuer), or unless the Issuer has actual knowledge of noncompliance. The Purchaser can rely on the accuracy of any certificates, instruments, opinions, or reports delivered to it by the Borrower. If the Note is discharged and terminated prior to the expiration of the Qualified Project Period: (i) all obligations, rights, and duties of the Purchaser under this Regulatory Agreement will terminate and be of no further force and effect; (ii) all actions required by the Purchaser will instead be undertaken by the Issuer; and (iii) all notices to be delivered to the Purchaser will instead

be delivered to the Issuer and all notices to be delivered by the Purchaser will instead be delivered by the Issuer.

Section 15. Amendment. The provisions hereof shall not be amended or revised prior to the stated term hereof except by an instrument in writing duly executed by the Issuer, the Purchaser (so long as the Note is outstanding), and the Borrower and duly recorded in the same manner as this Regulatory Agreement. The Issuer's and the Purchaser's consent to any such amendment or revision (whether or not the Note shall then be outstanding) shall be given only upon receipt of an opinion of Bond Counsel addressed to the Issuer and Purchaser that such amendment or revision will not adversely affect the exemption from federal income taxation of interest on the Note. Neither the Issuer nor the Purchaser shall have a duty to prepare any such consent, amendment, or revision.

Section 16. Right of Access to the Project and Records. The Borrower agrees that during the term of this Regulatory Agreement, the Issuer, the Purchaser, and the duly authorized agents of either of them shall have the right at all reasonable times, and upon reasonable notice of at least 24 hours, to enter upon the site of the Project during normal business hours to examine and inspect the Project and to have access to the books and records of the Borrower with respect to the Project, a copy of which shall be maintained at the site of the Project.

Section 17. No Conflict with Other Documents. The Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof.

Section 18. Severability. The invalidity of any clause, part, or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 19. Notices. All notices to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods or when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

To the Issuer: City of Roseville, Minnesota
 Roseville City Hall
 2660 Civic Center Drive
 Roseville, MN 55113-1815
 Attn: City Manager
 Facsimile: _____
 Email: info@cityofroseville.com

To the Purchaser: Bridgewater Bank
7831 Bush Lake Road, Suite 300
Bloomington, MN 55439
Attention: Ross Wieser
Facsimile: (952) 893-6850
Email: ross.wieser@bwbn.com

With a copy to: Messerli & Kramer, P.A.
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402
Attn: Michelle Jester, Esq.
Facsimile: (612) 672-3777
Email: mjester@messerlikramer.com

To the Borrower: Roseville Leased Housing Associates I, LLLP
c/o Dominion
2905 Northwest Blvd., Suite 150
Plymouth, MN 55441
Attn: Ryan J. Lunderby
Facsimile: (763) 354-5519
Email: rlunderby@dominium.com.

With a copy to: Winthrop & Weinstine, P.A.
Capella Tower
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
Attn: John Stern and Scott Jahnke
Facsimile: (612) 604-6588
Email: jstern@winthrop.com
sjahnke@winthrop.com

Section 20. Governing Law. This Regulatory Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Minnesota, without regard to its conflicts of laws principles, except as such laws may be preempted by any federal rules, regulations, and laws.

Section 21. Payment of Fees. Notwithstanding payment of the Loan, the termination of the Loan Agreement, and the defeasance or discharge of the Note, throughout the term of the Qualified Project Period, the Borrower shall continue to pay:

- (a) to the Purchaser, its reasonable and customary fees and expenses for reviewing and, if necessary, enforcing compliance by the Borrower with the terms of this Regulatory Agreement;
- (b) to the Issuer, reimbursement for all reasonable fees and expenses, including, but not limited to, financial advisory and legal fees and expenses necessary for the Issuer's reviewing

and, if necessary, enforcing compliance by the Borrower with the terms of this Regulatory Agreement; and

(c) the fees and expenses of any entity or person designated by the Purchaser or Issuer to perform the review of the Borrower's compliance with this Regulatory Agreement; provided that such fees and expenses are not duplicative of any fees and expenses paid under (a) and (b) above.

Section 22. Limited Liability. Notwithstanding anything to the contrary in this Regulatory Agreement, it is understood and agreed by the Borrower and the Purchaser that no covenant, provision or agreement of the Issuer herein or in the Note or in any other document executed by the Issuer in connection with the issuance, sale and delivery of the Note, or any obligation herein or therein imposed upon the Issuer or breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers or shall obligate the Issuer financially in any way except with respect to the Loan Agreement and the application of revenues therefrom and the proceeds of the Note. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or therein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom or proceeds of the Note. No execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or taxing powers of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to the Loan Agreement and the application of revenues thereunder as therein provided. The Note constitutes a special, limited obligation of the Issuer, payable solely from the revenues pledged to the payment thereof pursuant to the Loan Agreement and the Related Documents, and do not now and shall never constitute an indebtedness or a loan of the credit of the Issuer, the State of Minnesota or any political subdivision thereof or a charge against the Issuer's general taxing powers within the meaning of any constitutional or statutory provision whatsoever. It is further understood and agreed by the Borrower and the Purchaser that the Issuer shall incur no pecuniary or moral liability hereunder and shall not be liable for any expenses related hereto. If, notwithstanding the provisions of this Section, the Issuer incurs any expense, or suffers any losses, claims or damages or incurs any liabilities, the Borrower will indemnify and hold harmless the Issuer from the same and will reimburse the Issuer for any legal or other expenses incurred by the Issuer in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer shall survive delivery of and payment for the Note.

Section 23. Actions of Issuer. The Issuer shall be entitled to rely conclusively on an opinion of counsel in the exercise or non-exercise of any of the rights or powers vested in the Issuer by virtue of this Regulatory Agreement or any other agreement or instrument executed in connection with the issuance of the Note; it being the intent of the parties hereto that the Issuer, and any and all present and future trustees, members, commissioners, officers, employees, attorneys, and agents of the Issuer shall not incur any financial or pecuniary liability for the exercise or non-exercise of any rights or powers vested in the Issuer by this Regulatory Agreement or any other instrument or agreement executed in connection with the issuance of the Note; or for the performance or nonperformance of any obligation under, or the failure to assert any right, power, or privilege under this Regulatory Agreement, the Pledge Agreement, the Note, the Loan Agreement, or any other instrument or agreement executed in connection with the issuance of the

Note. If the Issuer's consent or approval is required under this Regulatory Agreement, or any other agreement or instrument executed in connection with the issuance of the Note, the Issuer shall be entitled to rely conclusively on an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or inaction in reliance upon such opinion.

Section 24. Counterparts. This Regulatory Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Regulatory Agreement, and, in making proof of this Regulatory Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 25. Recording and Filing. Prior to any advance of the proceeds of the Note under Section 3.03 of the Disbursing Agreement, the Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County, the State, and in such other places as the Issuer or the Purchaser may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

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

IN WITNESS WHEREOF, the parties have caused this Regulatory Agreement to be signed by their respective duly authorized representatives as of the day and year first written above.

CITY OF ROSEVILLE, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Manager

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by Dan Roe and Patrick Trudgeon, the Mayor and City Manager, respectively, of the City of Roseville, Minnesota, a municipal corporation and a political subdivision under the laws of the State of Minnesota, on behalf of said City.

Notary Public

Execution page of the Purchaser to the Regulatory Agreement.

BRIDGEWATER BANK
Purchaser

By _____
Ross Wieser
Its Vice President

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019,
by Ross Wieser, the Vice President of Bridgewater Bank, a Minnesota banking corporation, on
behalf of the corporation.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF LAND

The Land described in this Regulatory Agreement is located in Ramsey County, Minnesota, and is legally described as follows:

[Winthrop to provide]

**EXHIBIT B-1
FORM OF INITIAL INCOME CERTIFICATION**

TENANT INCOME CERTIFICATION <input type="checkbox"/> Initial Certification <input type="checkbox"/> Recertification <input type="checkbox"/> Other _____	Effective Date: _____ Move-in Date: _____ (MM/DD/YY): _____
--	---

PART I. DEVELOPMENT DATA

Property Name: Lexington Apartments Address: _____, Lexington, Minnesota	County: Ramsey Unit Number: _____	BIN #: _____ # Bedrooms: _____
---	--------------------------------------	-----------------------------------

PART II. HOUSEHOLD COMPOSITION

HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Br #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	\$	\$	\$	\$
Add totals from (A) through (D) above			TOTAL INCOME (E):	\$

PART IV. INCOME FROM ASSETS

HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter Column (H) Total		Passbook Rate		
if over \$5,000	\$ _____	x 2.00 %	=	(J) Imputed Income
				\$
Enter the greater of the total column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$
(L) Total Annual Household Income from all sources [Add (E) + (K)]				\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____	_____	_____	_____
Signature	(Date)	Signature	(Date)
_____	_____	_____	_____
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES From Item (L) on page 1

\$

Household Meets Income Restriction at:

- 60% 50%
 40% 30%
 __%

RECERTIFICATION ONLY:

Current Income Limit x 140%

\$ _____

Household income exceeds 140% at recertification:

- Yes No

Current Income Limit per Family Size: \$ _____

Household Income at Move-in \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$ _____

Rent Assistance: \$ _____

Utility Allowance \$ _____

Other non-optional charges: \$ _____

GROSS RENT FOR UNIT:

\$

Tenant paid rent plus Utility Allowance and other non-optional charges

Unit Meets Rent Restriction at:

- 60% 50% 40% 30% __%

Maximum Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL-TIME STUDENTS?

- yes no

If yes, enter student explanation** (also attach documentation)

Enter 1-4

Student explanation:

1. TANF assistance
2. Job training program
3. Single parent/dependent child
4. Married/joint return*

***Exception for married/joint return is the only exception available for units necessary to qualify tax-exempt bonds.**

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification

- a. Tax Credit b. HOME c. Tax Exempt d. AHDP e. _____
 (Name of Program)

See Part V above.	<i>Income Status</i>	<i>Income Status</i>	<i>Income Status</i>	<i>Income Status</i>
	<input type="checkbox"/> ≤ 50% AMGI	<input type="checkbox"/> 50% AMGI	<input type="checkbox"/> ≤ 50% AMGI	<input type="checkbox"/> _____
	<input type="checkbox"/> ≤ 60% AMGI	<input type="checkbox"/> 60% AMGI	<input type="checkbox"/> ≤ 80% AMGI	<input type="checkbox"/> _____
	<input type="checkbox"/> ≤ 80% AMGI	<input type="checkbox"/> 80% AMGI	<input type="checkbox"/> ≤ OI **	<input type="checkbox"/> ≤ OI **
	<input type="checkbox"/> ≤ OI **	<input type="checkbox"/> OI **		

** Upon recertification, household was determined over income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Regulatory Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER / REPRESENTATIVE

DATE

**INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION**

This form is to be completed by the owner or an authorized representative.

Part I – Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

- Move-in Date Enter the date the tenant has or will take occupancy of the unit.
- Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
- Property Name Enter the name of the development.
- County Enter the county (or equivalent) in which the building is located.
- BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
- Address Enter the unit number.
- Unit Number Enter the unit number.
- # Bedrooms Enter the number of bedrooms in the unit.

Part II – Household Composition

List all occupants of the unit. State each household member’s relationship to the head of the household by using one of the following coded definitions:

- | | | | |
|---|-------------------|---|---------------------|
| H | Head of household | S | Spouse |
| A | Adult co-tenant | O | Other family member |
| C | Child | F | Foster child |
| L | Live-in caretaker | N | None of the above |

Enter the date of birth, student status, and Social Security number or alien registration number for each occupant.

If there are more than seven occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III – Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

- | | |
|------------|--|
| Column (A) | Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business. |
| Column (B) | Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc. |
| Column (C) | Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.) |
| Column (D) | Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household. |
| Row (E) | Add the totals from columns (A) through (D) above. Enter this amount. |

Part IV – Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- | | |
|------------|--|
| Column (F) | List the type of asset (i.e., checking account, savings account, etc.) |
| Column (G) | Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification). |
| Column (H) | Enter the cash value of the respective asset. |
| Column (I) | Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate). |
| TOTALS | Add the total of Column (H) and Column (I), respectively. |

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the Greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income from All Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than five days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all sources Enter the number from item (L).

Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.

Household income at move-in Household size at move-in For recertifications only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.

Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Current Income Limit x 140% For recertification only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI – Rent

Tenant Paid Rent Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).

Rent Assistance Enter the amount of rent assistance, if any.

Utility Allowance Enter the utility allowance. If the owner pays all utilities, enter zero.

Other non-optional charges Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.

Gross Rent for Unit Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.

Maximum Rent Limit for this unit Enter the maximum allowable gross rent for the unit.

Unit Meets Rent Restriction at ___% Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII – Student Status

If all household members are full-time* students, check “yes.” If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

** Full time is determined by the school the student attends.*

Part VIII – Program Type

Mark the program(s) for which this unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit See Part V above.

HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.

Tax Exempt If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household’s designation.

AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.

Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER / REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well-trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

Attachment E
EXHIBIT B-2
FORM OF INCOME RECERTIFICATION

INCOME CERTIFICATION

Initial Certification Recertification Other* _____

Effective Date: _____
 Move-in Date: _____
 (MM/DD/YYYY)

*Transfer from Unit: _____

PART I – DEVELOPMENT DATA

Property Name: _____ County: _____
 Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Last 4 digits of Social Security Number
1			HEAD		
2					
3					
4					
5					
6					
7					

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____
Add totals from (A) through (D) above			TOTAL INCOME (E):	\$ _____

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____

TOTAL INCOME FROM ASSETS (K)

\$ _____

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

PART V. RENT

A. Tenant Paid Rent:	\$	_____
B. Rent Assistance:	\$	_____
C. Other non-optional charges and mandatory fees:	\$	_____
D. Gross Rent For Unit (See Instructions):	\$	_____

PART VI. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES From Item (L) on page 1

\$

Household Meets Income Restriction at:

- 60% 50%
 40% 30%
 ___%

RECERTIFICATION ONLY:

Current Income Limit x 140%

\$ _____

Current Income Limit per Family Size: \$ _____

Household income exceeds 140% at recertification:

Yes No

Household Income at Move-in \$ _____

Household Size at Move-in: _____

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of program's rules, regulations and the Regulatory Agreement, to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART VIII. HOUSEHOLD DEMOGRAPHICS

Please complete for each household member. See below for Ethnicity, Race, and Other codes that characterize the household composition.

HH Mbr #	Sex – enter M or F	Ethnicity	Race <i>Enter up to 5 categories</i>	Disabled
1				
2				
3				
4				
5				
6				
7				

The Minnesota Housing Finance Agency is required to comply with HUD’s reporting requirements; however, you are not required to provide this information. You may not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please initial below.

RESIDENT/APPLICANT: I do not wish to furnish information regarding ethnicity, race, sex, and disability status.
(Initials) _____

Ethnicity:	Enter each household member’s ethnicity by using one of the following coded definitions:	<ol style="list-style-type: none"> 1. Hispanic or Latino 2. Not Hispanic or Latino 3. Tenant did not respond
Race:	Enter each household member’s race by using, at least one, of the following coded definitions (<i>up to 5 categories may be selected</i>):	<ol style="list-style-type: none"> 1. White 2. Black/African American 3. American Indian/Alaska Native 4. Select from the following: <ol style="list-style-type: none"> 4a Asian India 4b Chinese 4c Filipino 4d Japanese 4e Korean 4f Vietnamese 4g Other Asian 5. Select from the following: <ol style="list-style-type: none"> 5a Native Hawaiian 5b Guamanian or Chamorro 5c Samoan 5d Other Pacific Islander 6. Other 7. Tenant did not respond
Disabled:	Check yes if any member of the household is disabled according to Fair Housing Act definition for handicap (disability): <ul style="list-style-type: none"> • <i>A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment; or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used in this definition, please see 24 CFR 100.201, available at http://www.fairhousing.com/index.cfm?method=page.display&pagename=regs_fhr_100-201.</i> • <i>“Handicap” does not include current, illegal use of or addiction to a controlled substance.</i> 	<ol style="list-style-type: none"> 1. Yes 2. No 3. Tenant did not respond

EXHIBIT C

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

(DATE)

TO: City of Roseville, Minnesota
Roseville City Hall
2660 Civic Center Drive
Roseville, MN 55113-1815
Attn: City Manager

and (prior to the discharge of the Note (hereinafter defined))

Bridgewater Bank
7831 Bush Lake Road, Suite 300
Bloomington, MN 55439
Attn: Ross Wieser, Vice President

Re: Multifamily Housing Revenue Note (Twin Lakes Family Apartments Project), Series 2019 (the "Note")

The undersigned, an authorized representative for Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership (the "Owner"), hereby certifies, represents, and warrants that:

1. The Owner owns the multifamily housing project located in Roseville, Minnesota and known as the Twin Lakes Family Apartments Project (the "Project").

2. The undersigned and the Owner have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement, dated May 7, 2019 (the "Regulatory Agreement"), between the Owner, the City of Roseville, Minnesota (the "Issuer"), and Bridgewater Bank (the "Purchaser"); and (2) the Loan Agreement, dated _____, 2019 (the "Agreement"), between the Issuer and the Owner. The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Note.

3. A review of the activities of the Owner and of the Owner's performance under the Regulatory Agreement and the Loan Agreement during the year ending _____ has been made under the supervision of the undersigned.

4. The Project's Qualified Project Period commenced on _____ (the date on which 10% of the residential units in the Project were occupied), and will end on the latest of:

(i) _____, ____ (the date which is 15 years after the date on which 50% of the residential units in the Project were occupied);

(ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or

(iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

5. As of the date of this Certificate, the following percentages of completed residential units in the Project are (i) occupied by Low Income Tenants or (ii) currently vacant and being held available for occupancy by Low Income Tenants and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants	_____ % Units	Nos. _____
Continuously held vacant for occupancy by Low Income Tenants since last occupied by Low Income Tenants	_____ % Units	Nos. _____

6. At no time since the date of filing of the last Continuing Program Compliance Certificate (or since the issuance of the Note, if this is the first such certificate) has less than _____ units representing 40% of the completed units in the Project been occupied by or were last occupied by Low Income Tenants.

7. As of the date of this Certificate, at least 40% of the units in the Project are (i) occupied by persons or families with Adjusted Income which does not exceed 60% of the Median Income for the Area adjusted for household size; or (ii) held vacant for occupancy for persons or families with Adjusted Income which does not exceed 60% of the Median Income for the Area adjusted for household size. Project Units occupied or held vacant for persons or families with Adjusted Income which does not exceed 60% of the Median Income for the Area adjusted for household size include Unit numbers _____.

8. At all times since the date of filing of the last Continuing Program Compliance Certificate rent on at least 20% of the units in the Project has been equal to or less than applicable area fair market rents or exception for fair market rents, established from time to time by the United States Department of Housing and Urban Development.

9. To the knowledge of the undersigned, after due inquiry, all units were rented or available for rental on a continuous basis during the immediately preceding year to members of the general public, and the Owner is not now and has not been in default under the terms of the Regulatory Agreement and the Loan Agreement and, to the knowledge of the undersigned, no Determination of Taxability has occurred with respect to the Note.

10. **[CHOOSE ONE:** None/One or more] of the Tenants in the Project are currently receiving assistance under Section 8 of the United States Housing Act of 1937.

11. Unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meaning assigned to such terms in the Regulatory Agreement.

12. The Owner has not transferred any interest in the Project since the date of submission of the Continuing Program Compliance Certificate last submitted to the Purchaser and the Issuer with respect to the Project. **(If the Owner has transferred any interest in the Project, such transfer should be detailed here.)**

Signature page of the Borrower to the Certificate of Continuing Program Compliance.

Dated: _____, _____.

ROSEVILLE LEASED HOUSING ASSOCIATES I,
LLLP, a Minnesota limited liability limited partnership

By: Roseville Leased Housing Associates I, LLC, a
Minnesota limited liability company, its General
Partner

By: _____

Its: _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF RAMSEY

**CITY OF ROSEVILLE, MINNESOTA
MULTIFAMILY HOUSING REVENUE NOTE
(TWIN LAKES FAMILY APARTMENTS PROJECT)
SERIES 2019**

<u>Principal Amount</u>	<u>Dated Date</u>	<u>Number</u>
\$4,346,852	_____, 2019	R-1

For value received the CITY OF ROSEVILLE, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “Issuer”), hereby promises to pay to BRIDGEWATER BANK, a Minnesota banking corporation, its successors or registered assigns (the “Purchaser”), solely from the source and in the manner hereinafter provided, the principal sum of Four Million Three Hundred Forty-Six Thousand Eight Hundred Fifty-Two and no/100 Dollars (\$4,346,852), or so much thereof as has been advanced hereunder and remains unpaid from time to time (the “Principal Balance”), with interest thereon at the rate of one percent (1.00%) per annum or at such higher rate as may be hereinafter provided in Section 1(b), in any coin or currency which, at the time or times of payment, is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth.

1. (a) Interest shall accrue on the advanced and outstanding Principal Balance from and after the date hereof. Interest only on the advanced and outstanding Principal Balance of the Note shall be due and payable on _____, 20__ (unless extended with the consent of the Purchaser) and monthly thereafter through and including _____, 2061, (the “Final Maturity Date”) or any earlier prepayment date at which time the entire remaining Principal Balance and accrued interest shall be fully due and payable.

(b) If the interest on this Note should become subject to federal income taxation pursuant to a “Determination of Taxability” as that term is defined in Section 4.4(2) of the Loan Agreement (the “Loan Agreement”) of even date herewith between the Issuer and Roseville Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”), and the Purchaser delivers to the Borrower a copy of the notice of the “Determination of Taxability,” the interest rate shall be immediately adjusted to be equal to the rate of 1.50% per annum and each monthly installment thereafter payable shall be accordingly adjusted. In addition, the Purchaser shall be entitled to receive upon demand an amount equal to the aggregate difference between (i) the monthly payments theretofore made to the Purchaser on this Note between the “Date of Taxability,” as that term is defined in Section 4.4(2) of the Loan Agreement, and the date of receipt by the Borrower of notice of such “Determination of Taxability” and (ii) the monthly payments which would have been made during such period if the adjusted rate had been in effect throughout such period.

2. In any event, the payments hereunder shall be sufficient to pay all principal and interest due, as such principal and interest become due, at maturity, upon redemption, or otherwise. Interest shall be computed on the basis of a 360-day year but shall be payable on the actual days elapsed.

3. Principal and interest due hereunder shall be payable at the office of the Purchaser set forth in the attached Note register, or at such other place as the Purchaser may designate in writing.

4. This Note is issued by the Issuer to provide funds for a project, as defined in Minnesota Statutes, Section 462C, as amended, consisting of the acquisition and renovation of an existing historic office building into an approximately 128-unit multifamily rental housing development and functionally related facilities to be located at 1717 and 1743 County Road C West in the City of Roseville, Minnesota (the "Project"), and this Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Chapter 462C, as amended, and pursuant to a resolution of the governing body of the Issuer duly adopted on November 4, 2019 (the "Resolution").

5. This Note is secured by a Pledge Agreement dated as of the date hereof between the Issuer and the Purchaser (the "Pledge Agreement"). As security for the Borrower's obligations under the Loan Agreement, Dominium Holdings II, LLC, a Minnesota limited liability company, will execute and deliver to the Purchaser a Guaranty, dated as of the date hereof (the "Guaranty"). Amounts held by the Purchaser relating to the Note shall be disbursed pursuant to the Disbursing Agreement dated as of the date hereof between the Borrower and the Purchaser (the "Disbursing Agreement"). The Purchaser shall authorize disbursements from the Project Fund to or at the order of the Borrower upon compliance with the terms and conditions of the Disbursing Agreement. The Borrower, the Purchaser and the Issuer have entered into a Regulatory Agreement dated as of the date hereof (the "Regulatory Agreement") requiring compliance with certain requirements of federal and state law relating to the construction and operation of the Project as a residential rental housing project.

6. The Issuer, for itself, its successors and assigns, hereby waives demand, presentment, protest and notice of dishonor, and to the extent permitted by law, the Purchaser may extend the due date of interest and/or principal of this Note, or release any part or parts of the property and interest subject to any security document from the same, all without notice to or consent of any party liable hereon or thereon and without releasing any such party from such liability and whether or not as a result thereof the interest on the Note is no longer exempt from the federal or state income tax.

7. In lieu of providing for a balloon maturity of this Note prior to the Maturity Date, the Purchaser has agreed to the terms of this paragraph. At the option of the Purchaser, this Note is subject to mandatory purchase at a purchase price equal to the entire outstanding Principal Balance hereof plus accrued interest thereon (the "Purchase Price") by the Borrower, or another purchaser selected by the Borrower and approved by the Issuer, on any date on or after September 30, 2020, unless such date is extended as provided below (the "Mandatory Purchase Date") upon notice, written or printed, delivered, at least 60 days prior to such Mandatory Purchase Date, to the Borrower at the address provided in the Loan Agreement or by telex or

other means of written or printed instantaneous communication (the “Tender Notice”) stating: (1) the Mandatory Purchase Date, (2) the Purchaser’s intent to require the purchase of this Note on the Mandatory Purchase Date and (3) the then outstanding Principal Balance of this Note. Upon the giving of such notice the entire Purchase Price shall be due and payable in full by the Borrower on the applicable Mandatory Purchase Date and the Purchaser shall deliver the Note to the Borrower, or its designee, on the Mandatory Purchase Date. If this Note is not purchased from the Purchaser by or on behalf of the Borrower on the Mandatory Purchase Date, the failure to purchase this Note shall constitute an event of default under this Note and an “Event of Default” under the Loan Agreement, and the Purchaser may exercise its remedies for default, including acceleration of this Note.

8. This Note may be prepaid in whole on any date at the option of the Borrower, upon 10 days’ prior written notice to the Purchaser, at a redemption price equal to the Principal Balance of the Note plus accrued interest thereon, plus any reasonable attorneys’ fees and costs.

9. This Note is subject to extraordinary mandatory redemption or purchase in lieu of redemption in whole but not in part, at a redemption price equal to the Principal Balance of the Note plus accrued interest thereon, without premium, without notice, on the earlier of (i) the Mandatory Purchase Date, unless such date is extended as provided below or (ii) the date the Purchaser transfers this Note to another person through assignment or purchase, unless such date is extended as provided below, if the Refunding (as defined in the Loan Agreement) of the Note has not occurred on or before such date. The Mandatory Purchase Date shall be extended at the option of the Borrower (a) by 12 months, one time, by paying the Purchaser an extension fee of \$12,500, provided, there is not an Event of Default or an event with notice and passage of time would become an Event of Default and (b) thereafter, one or more times, to a date not later than _____, 2022 with the consent of the Purchaser and upon delivery to the Purchaser of an opinion of Bond Counsel to the effect that such extension will not adversely affect the tax exempt status of interest paid on this Note.

10. In the event of prepayment of this Note, the Purchaser shall apply any such prepayment first against reasonable attorneys’ fees and collection costs, second against the accrued interest on the Principal Balance and then against the principal amounts due under the Note. The monthly payments due under paragraph 1 hereof shall continue to be due and payable in full until the entire Principal Balance and accrued interest due on this Note have been paid regardless of any partial prepayment made hereunder unless otherwise agreed to by the Purchaser.

11. All of the agreements, conditions, covenants, provisions and stipulations contained in the Resolution, the Loan Agreement, the Disbursing Agreement, the Guaranty and the Pledge Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

12. This Note and interest thereon are payable solely from the revenues and proceeds derived from the Loan Agreement, the Pledge Agreement, the Guaranty and the Disbursing Agreement and do not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation, are not payable from or a charge upon any funds of the Issuer other than the revenues and proceeds pledged to the payment thereof, and do not give rise to a pecuniary

liability of the Issuer or any of its officers, agents or employees, and no holder of this Note shall ever have the right to compel any exercise of the taxing power of the Issuer to pay this Note or the interest thereon, or to enforce payment thereof against any property of the Issuer, and this Note does not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, and the agreement of the Issuer to perform or cause the performance of the covenants and other provisions herein referred to shall be subject at all times to the availability of revenues or other funds furnished for such purpose in accordance with the Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

13. It is agreed that time is of the essence of this Note. If an Event of Default (as that term is defined in the Disbursing Agreement or the Loan Agreement) shall occur, then the Issuer, upon written direction of the Purchaser, or the Purchaser shall have the right and option to declare the Principal Balance and accrued interest thereon, immediately due and payable, whereupon the same shall be due and payable, but solely from sums made available under the Loan Agreement, the Pledge Agreement, the Guaranty and the Disbursing Agreement. Failure to exercise such option at any time shall not constitute a waiver of the right to exercise the same at any subsequent time.

14. The remedies of the Purchaser, as provided herein and in the Loan Agreement, the Pledge Agreement, the Guaranty and the Disbursing Agreement, are not exclusive and shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Purchaser, and may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

15. The Purchaser shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Purchaser, and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

16. As provided in the Resolution and subject to certain limitations set forth therein, this Note is only transferable upon the books of the Issuer at the office of the City Manager, by the Purchaser in person or by its agent duly authorized in writing, at the Purchaser's expense, upon surrender hereof together with a written instrument of transfer satisfactory to the City Manager, duly executed by the Purchaser or its duly authorized agent. Upon such transfer the City Manager will note the date of registration and the name and address of the new registered owner in the registration blank appearing below. The Issuer may deem and treat the person in whose name the Note is last registered upon the books of the Issuer with such registration noted on the Note, as the absolute owner hereof, for the purpose of receiving payment of or on the account of the Principal Balance or interest, whether or not overdue, and for all other purposes, and all such payments so made to the Purchaser or upon its order shall be valid and effective to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

17. This Note has been issued without registration under state or federal or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be

assigned or transferred in whole or part, nor may a participation interest in the Note be given pursuant to any participation agreement, except in accordance with the Resolution and an applicable exemption from such registration requirements.

18. THIS NOTE, INTEREST HEREON, AND ANY PENALTY OR CHARGE OR ANY AMOUNTS PAYABLE HEREUNDER, OR HOWEVER DESIGNATED, IS A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS PLEDGED HERETO. THIS NOTE AND THE INTEREST HEREON DO NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE OF MINNESOTA, OR ANY POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS AND ARE NOT PAYABLE FROM OR A CHARGE UPON ANY FUNDS OF THE ISSUER OTHER THAN THE REVENUES AND PROCEEDS PLEDGED BY THE ISSUER TO THE PAYMENT HEREOF AND DO NOT GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR ITS OFFICERS, AGENTS OR EMPLOYEES AND NO HOLDER OF THIS NOTE SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE ISSUER OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS TO PAY THIS NOTE OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA. THIS NOTE DOES NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE ISSUER, AND THE AGREEMENT OF THE ISSUER TO PERFORM OR CAUSE THE PERFORMANCE OF THE COVENANTS AND OTHER PROVISIONS HEREIN REFERRED TO SHALL BE SUBJECT AT ALL TIMES TO THE AVAILABILITY OF REVENUES OR OTHER FUNDS FURNISHED FOR SUCH PURPOSE IN ACCORDANCE WITH THE LOAN AGREEMENT SUFFICIENT TO PAY ALL COSTS OF SUCH PERFORMANCE OR THE ENFORCEMENT HEREOF. NEITHER THE STATE OF MINNESOTA NOR THE ISSUER NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS NOTE OR INTEREST HEREON OR OTHER COSTS INCIDENT HERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE LOAN AGREEMENT AND THE PLEDGE AGREEMENT, AS MORE FULLY SET FORTH IN THOSE DOCUMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE STATE OF MINNESOTA, NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THIS NOTE OR INTEREST HEREON OR OTHER COSTS INCIDENT HERETO. THIS NOTE IS NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY THEREOF AND IS NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THIS NOTE IS NEITHER A MORAL NOR AN ANNUAL APPROPRIATION OBLIGATION OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE PROVISIONS OF THIS PARAGRAPH SHALL, FOR PURPOSES OF THIS NOTE, BE CONTROLLING AND SHALL BE GIVEN FULL FORCE AND EFFECT, ANYTHING ELSE TO THE CONTRARY IN THIS NOTE NOTWITHSTANDING.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed in its name by the manual signatures of its Mayor and City Manager the corporate seal having been intentionally omitted as permitted by law, and has caused this Note to be dated as of the date first written above.

CITY OF ROSEVILLE, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Manager

CERTIFICATE OF REGISTRATION

The ownership of the unpaid Principal Balance of this Note and the interest accruing thereon is registered on the books of the City of Roseville, Minnesota in the name of the holder last noted below.

Date of Registration	Name and Address Registered Owner	Signature of City Manager
, 2019	Bridgewater Bank 7831 Bush Lake Road, Suite 300 Bloomington, MN 55439	