

**BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE AGREES (A) THAT (I) IF APPLICABLE, IT HAS EXECUTED THE REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT AND (II) THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.**

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF MINNETONKA**

**MULTIFAMILY NOTE  
with designation as  
Multifamily Housing Revenue Note  
(Legends of Minnetonka Project)  
Series 2018A[-1] [-2]**

US \$ \_\_\_\_\_

September \_\_\_\_, 2018

FOR VALUE RECEIVED, the undersigned, the City of Minnetonka, Minnesota, a home rule charter city, municipal corporation, and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Minnesota (the “**Obligor**”), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of [U.S. Bank National Association, a national banking association] [BMO Harris Bank N.A., a national banking association], or its registered assigns (the “**Funding Lender**”), the maximum principal sum of \_\_\_\_\_ and \_\_\_/100 Dollars (US \$ \_\_\_\_\_), plus Prepayment Premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Note with designation as Multifamily Housing Revenue Note (Legends of Minnetonka Project), Series 2018A[-1] [-2] (this “**Note**”) is being delivered pursuant to that certain Funding Loan Agreement, dated as of September 1, 2018 (together with any and all amendments, modifications, supplements and restatements, the “**Funding Loan Agreement**”), between U.S. Bank National Association, a national banking association, as administrative agent (the “**Administrative Agent**”) for the Funding Lender, the Obligor, and U.S. Bank National Association, a national banking association, in its capacity as fiscal agent under the Funding Loan Agreement (the “**Fiscal Agent**”), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of \$ \_\_\_\_\_ (the “**Funding Loan**”), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Minnetonka Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership (the “**Borrower**”) pursuant to a Project Loan Agreement, dated as of September 1, 2018 (the “**Project Loan Agreement**”), between the Obligor, the Borrower and the Fiscal Agent. The outstanding principal balance of this Note at any time shall be an amount equal to the proceeds of this Note advanced by Administrative Agent, on behalf of the Funding Lender, according to the Funding Loan Agreement and not otherwise repaid.

In addition to this Note, the Tax-Exempt Funding Loan is also evidenced by the Governmental Lender's Multifamily Note with designation as Multifamily Housing Revenue Note (Legends of Minnetonka Project), Series 2018A[-1] [-2].

1. **Defined Terms.** As used in this Note, (i) the term "Funding Lender" means the registered holder of this Note, and (ii) the term "Indebtedness" means the principal of, Prepayment Premium, if any, and interest on or any other amounts due at any time under the Tax-Exempt Notes, the Taxable Governmental Notes, or the Funding Loan Agreement. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such term in the Funding Loan Agreement.

2. **Payments of Principal and Interest.** The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing October 1, 2018 interest on this Note at (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase, and shall also pay interest on this Note at the foregoing rates on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Note subject to prepayment (each such date for payment an "**Interest Payment Date**"). Interest shall accrue on the principal amount of this Note which has been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record of Advances.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on \_\_\_\_\_ 1, 20\_\_ (the "**Maturity Date**") and in monthly installments on each date set forth on the Governmental Note Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon (as such Schedule 1 may be replaced by a new Governmental Note Amortization Schedule provided by the Freddie Mac Seller/Servicer on the Conversion Date as provided in Section 2.01(e) of the Funding Loan Agreement) or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment.** All payments under this Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments.** If at any time the Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Funding Lender, in the Funding Lender's discretion. Neither the Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor the Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security.** The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Funding Lender, as governed by the Funding Loan

Agreement, without any prior notice to the Obligor (unless required by applicable law). The Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium.** This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance.** Any forbearance by the Funding Lender in exercising any right or remedy under this Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

9. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Note and all other third-party obligors.

10. **Loan Charges.** Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided for herein or in any other Financing Document evidencing or securing the Funding Loan, whether considered separately or together with other charges provided for in any such other Financing Document, violates that law, and the Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

11. **Governing Law.** This Note shall be governed by the internal law of the State of Minnesota (the "**Property Jurisdiction**").

12. **Captions.** The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

13. **Address for Payment.** All payments due under this Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender in writing to the Fiscal Agent and the Servicer.

14. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date or on the date of any mandatory prepayment or acceleration, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date or such other date at the Default Rate.

15. **Limited Obligation.** This Note is a special, limited obligation of the Obligor payable solely from the Pledged Security and any other revenues, funds and assets pledged under the Funding Loan Agreement and not from any other revenues, funds or assets of the Obligor. This Note is not a general obligation, debt or bonded indebtedness of the Obligor, the State or any political subdivision thereof (other than of the Obligor to the limited extent set forth in the Funding Loan Agreement) and the holder of this Note does not have the right to have any excises or taxes levied by the Obligor, the State or any political subdivision thereof for the payment of the principal of and any Prepayment Premium and interest on this Note. None of the Obligor, the State, or any political subdivision of the State will be obligated to pay the principal of and the interest on this Note or other costs incident thereto except from the Pledged Security pledged under the Funding Loan Agreement. No provision, covenant, or agreement contained in this Note or the Funding Loan Agreement, or any obligation herein or therein imposed upon the Obligor, or the breach thereof, shall constitute or give rise to or impose a liability upon the Obligor (except from the Pledged Security), or upon any of its officers, employees, or agents, or constitute a charge upon the Obligor's general credit or taxing powers; provided that nothing contained herein or in the Act impairs the rights of the Fiscal Agent to enforce the covenants made for the security of the Obligor as provided herein and in the Act. Any recourse for a cause of action under this Note or the Funding Loan Agreement shall be payable solely from the Pledged Security, and the agreement of the Obligor 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 Project Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

IN WITNESS WHEREOF, the Obligor has caused this Note to be duly executed in its name by the manual or facsimile signatures of the Mayor and City Manager, the seal of the Obligor 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 MINNETONKA, MINNESOTA**

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

\_\_\_\_\_  
**CERTIFICATE OF AUTHENTICATION**

This Multifamily Note is issued under the provisions of and described in the within-mentioned Funding Loan Agreement.

Date of Authentication: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION**, as Fiscal Agent

By: \_\_\_\_\_  
Authorized Signer

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**SCHEDULE I**  
**GOVERNMENTAL NOTE AMORTIZATION SCHEDULE**