

**MULTIFAMILY NOTE  
(SERIES A)**

\$\_[\_\_\_\_\_]

Minnetonka, Minnesota  
September \_\_, 2018

**FOR VALUE RECEIVED**, MINNETONKA LEASED HOUSING ASSOCIATES III, LLLP, a Minnesota limited liability limited partnership (“**Borrower**”), promises to pay to the order of the CITY OF MINNETONKA, MINNESOTA, a municipal corporation organized and existing under the laws of the State of Minnesota (together with any subsequent holder of this Note, “**Governmental Lender**”), whose address is 14600 Minnetonka Boulevard, Minnetonka, Minnesota 55345-1502, on or before the Mandatory Prepayment Date (as defined in the Construction Loan Agreement referred to below), the sum of [\_\_\_\_\_] Dollars (\$\_\_\_\_\_) or such lesser sum as may actually be owing under borrowings made pursuant to the Project Loan Agreement and the Construction Loan Agreement referred to below, together with interest on the unpaid principal balance from the date hereof as hereinafter provided.

Advances under this Note shall be made in accordance with the terms and conditions set forth in: (i) that certain Project Loan Agreement dated as of even date herewith (as the same may be amended, modified or restated from time to time hereafter, the “**Project Loan Agreement**”) by and among Borrower, Governmental Lender and U.S. Bank National Association, a national banking association, organized and operating under the laws of the United States of America, having a corporate trust office in Saint Paul, Minnesota, in its capacity as Fiscal Agent (in such capacity, “**Fiscal Agent**”); and (ii) that certain Construction Loan Agreement dated as of even date herewith (as the same may be amended, modified or restated from time to time hereafter, the “**Construction Loan Agreement**”), by and among Borrower, U.S. Bank National Association, a national banking association (“**U.S. Bank**”) and BMO Harris Bank N.A., a national banking association (“**BMO Harris**” and, together with U.S. Bank, the “**Initial Funding Lender**”). This Note is the “Series A Project Note” and is one of the “Project Notes” referenced in the Construction Loan Agreement. Capitalized terms herein shall have the meanings set forth in the Construction Loan Agreement.

From the date hereof and through the Mandatory Prepayment Date, interest on each advance hereunder shall accrue and be calculated in accordance with Section 2.2 of the Construction Loan Agreement. This Note is issued, is to be repaid, and may be accelerated under the terms and provisions of the Project Loan Agreement and the Construction Loan Agreement. The holders hereof are entitled to all the benefits provided for in the Project Loan Agreement and the Construction Loan Agreement, or referred to therein. The provisions of the Project Loan Agreement and the Construction Loan Agreement are incorporated by reference herein with the same force and effect as if fully set forth herein. The maximum principal balance of this Note which may be outstanding from time to time is equal to \$[\_\_\_\_\_].

At the option of Borrower, this Note may be prepaid in accordance with Section 2.4 of the Construction Loan Agreement. **This Note is subject to mandatory prepayment as set forth in Section 2.1(b) of the Construction Loan Agreement.** All payments on this Note shall be applied in the order set forth in Section 2.3 of the Construction Loan Agreement. No partial payment shall change any due date or the amount of any regularly scheduled installment of principal due.

All payments due under this Note shall be made to the Initial Funding Lender in accordance with Section 3.02(c) of the Project Loan Agreement and Section 2.3 of the Construction Loan Agreement.

Presentment and demand for payment, notice of dishonor, protest and notice of protest are hereby waived. Borrower agrees to pay all costs of collection, including reasonable attorneys' fees, whether or not suit is commenced.

This Note is secured by that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith, executed by Borrower in favor of Governmental Lender, as assigned by Governmental Lender to Fiscal Agent (as so assigned and together with any amendment, restatement or other modification thereto, the "*Mortgage*") and encumbering the Project, plus the other Security Documents, all of even date herewith. The terms of the Mortgage are incorporated herein and made a part hereof by reference. Disbursements under this Note shall be made pursuant to the terms of the Construction Loan Agreement and the Disbursing Agreement.

Except as herein provided, Borrower and all others who may become liable for all or part of the principal balance hereof or for any obligations of Borrower to Governmental Lender or the holder hereof (a) jointly and severally, forever waive presentment, protest and demand, notice of protest, demand and dishonor and non-payment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, (b) agree that the time of payment of the debt or any part thereof may be extended from time to time without modifying or releasing the lien of the Mortgage or other Loan Documents or the liability of Borrower or any other such parties, the right of recourse against Borrower and such parties being hereby reserved by Governmental Lender; and (c) agree that time is of the essence. Borrower agrees to pay all costs of collection when incurred, whether suit be brought or not, including reasonable attorneys' fees and costs of suit and preparation therefor, and to perform and comply with each of the covenants, conditions, provisions and agreements of Borrower contained in this Note, Mortgage and the Loan Documents. It is expressly agreed by Borrower that no extensions of time for the payment of this Note, nor the failure on the part of Governmental Lender to exercise any of its rights hereunder, shall operate to release, discharge, modify, change or affect the original liability under this Note, Mortgage or any of the Loan Documents, either in whole or in part.

**WAIVER OF JURY TRIAL: BORROWER AND GOVERNMENTAL LENDER HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT AND TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS HEREUNDER OR THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. BORROWER AND GOVERNMENTAL LENDER EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.**

Borrower agrees that (1) this instrument and the rights and obligations of all parties hereunder shall be governed by and construed under the laws of the State of Minnesota, and (2) the obligations evidenced by this Note is an exempted transaction under the Truth-In-Lending Act, 15

U.S.C. Section 1601, et. seq. If any provision of this Note shall be illegal or unenforceable, such provision shall be deemed canceled to the same extent as though it never had appeared therein, but the remaining provisions shall not be affected thereby. Borrower consents to the personal jurisdiction of the federal and state courts located in the State of Minnesota, waives any argument that such a forum is not convenient, and agrees that any litigation relating to this Note initiated by it or on its behalf shall be venued in Minnesota.

Whenever Governmental Lender or Borrower desires to give any notice to the other, it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified United States mail, postage prepaid, addressed to the intended recipient at the address listed on the signature page of this Note for Borrower, or such other address as hereafter specified in writing, and for Governmental Lender at the address listed at the beginning of this Note, or such other address as hereafter specified in writing.

If from any circumstances whatsoever, by reason of acceleration or otherwise, the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then the obligations to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event shall any exaction be possible under this Note in excess of the limit of such validity.

All rights, powers, privileges and immunities herein granted to Governmental Lender shall extend to its successors and assigns and any other legal holder of this Note, with full right by Governmental Lender to assign and/or sell same.

This Note is a recourse obligation of Borrower.

As provided in Section 3.04 of the Project Loan Agreement, on the date hereof the Governmental Lender will, in an allonge endorsement to this Note, assign all its right, title and interest in this Note to the Fiscal Agent as security for payment of the Funding Loan.

[signature page follows]

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first written above.

**BORROWER:**

**MINNETONKA LEASED HOUSING  
ASSOCIATES III, LLLP**

By: MINNETONKA LEASED HOUSING  
ASSOCIATES III, LLC, its general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Series A Project Note]