
SUBORDINATE LOAN AGREEMENT

between

**CITY OF MINNETONKA, MINNESOTA,
as Issuer**

and

**MINNETONKA LEASED HOUSING ASSOCIATES III, LLLP,
as Borrower**

Dated as of September 1, 2018

Relating to:

**\$4,090,000
City of Minnetonka, Minnesota
Tax Increment Revenue and
Subordinate Multifamily Housing Revenue Bonds
(Legends of Minnetonka Project)
Series 2018C**

With the exception of certain reserved rights, the interest of the City of Minnetonka, Minnesota in this Subordinate Loan Agreement, dated as of September 1, 2018, has been assigned to U.S. Bank National Association.

This instrument drafted by:
Kennedy & Graven, Chartered (JAE)
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Minneapolis, MN 55402

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SUBORDINATE LOAN AGREEMENT

THIS SUBORDINATE LOAN AGREEMENT, dated as of September 1, 2018 (the “Loan Agreement”), is between 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 “Issuer”), and MINNETONKA LEASED HOUSING ASSOCIATES III, LLLP, a Minnesota limited liability limited partnership (the “Borrower”).

WITNESSETH:

Reference is hereby made to the Subordinate Indenture of Trust, dated as of September 1, 2018 (the “Indenture”), between the Issuer and U.S. Bank National Association, a national banking association (the “Trustee”), for the recitals and the definitions of various terms used herein.

In consideration of the premises, the respective representations and agreements contained herein, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payments to be made by the Borrower pursuant to Article 4 hereof and the performance of all the covenants of the Borrower contained herein, the parties hereto agree as follows:

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ARTICLE 1

DEFINITIONS AND MISCELLANEOUS

Section 1.1 Definitions. The terms defined in Section 1.1 of the Indenture, when used in this Loan Agreement, shall have the meanings specified in that Section.

Section 1.2 Legal Description of Project Premises. The Project Premises are legally described in Exhibit A attached to the Subordinate Mortgage.

Section 1.3 Borrower's Acts. 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 by a third party selected by the Borrower with the same force and effect as if done or accomplished by the Borrower.

Section 1.4 Rules of Interpretation.

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

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

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

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(5) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Loan Agreement, and shall not define or limit the provisions hereof.

(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 Loan Agreement.

(8) For purposes of this Loan Agreement and the Indenture, an Act of Bankruptcy shall be deemed no longer in effect if the petition initiating the Act of Bankruptcy is dismissed by order of a court of competent jurisdiction and no further appeal rights exist from such order.

(9) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

(10) References to the Subordinate Bonds as “tax exempt” or to the “tax-exempt status of the Bonds” are to the exclusion of interest on the Subordinate Bonds from gross income pursuant to Section 103(a) of the Code, 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.

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

ARTICLE 2

REPRESENTATIONS OF ISSUER AND BORROWER

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

(1) The Issuer is 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 and is authorized to issue the Subordinate Bonds to finance the Project pursuant to the Act.

(2) In authorizing the Project, the Issuer's purpose is, and in its judgment the effect thereof will be, to promote the public welfare by providing a senior rental housing development within the meaning of the Act and assisting seniors within the City to obtain decent, safe and sanitary housing at rentals they can afford, and facilitating the development of rental housing opportunities for residents of the City.

(3) A public hearing on the proposal to finance the Project was called and held on August 27, 2018, at which time all persons who appeared were given an opportunity to express their views with respect to the proposal to undertake and finance the Project.

(4) The issuance and sale of the Subordinate Bonds, the execution and delivery of this Loan Agreement, the Indenture, the Regulatory Agreement, the Bond Purchase Agreement, and the Assignment of Subordinate Mortgage, and the performance of all covenants and agreements of the Issuer contained in this Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Assignment of Subordinate Mortgage, and the Indenture and of all other acts and things required under the Constitution and laws of the State to make this Loan Agreement, the Indenture and the Subordinate Bonds valid and binding obligations of the Issuer in accordance with their terms, are authorized by the Act and have been duly authorized by a resolution of the governing body of the Issuer adopted at a meeting thereof duly called and held on August 27, 2018 by the affirmative vote of not less than a majority of the governing body's members.

(5) Under the provisions of the Indenture, the Issuer's interest in this Loan Agreement (except for certain reserved or unassigned rights) and certain payments due hereunder are pledged and assigned to the Trustee as security for the payment of the principal and purchase price of, interest, and premium, if any, on the Subordinate Bonds.

Section 2.2 Representations of the Borrower. The Borrower makes the following representations and warranties 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 duly authorized to conduct its business in the State, has power to enter into the Related Loan Documents to which it is a party, and to use the Project for the purpose set forth in this Loan Agreement and by proper action has authorized the execution and delivery of the Related Loan Documents to which it is a party.

(2) The execution and delivery of the Related Loan Documents to which it is a party, and the consummation of the transactions contemplated 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 partnership agreement of the Borrower, any restriction or any agreement or instrument to which the

Borrower 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 cause the Borrower to be in violation of any order, decree, statute, rule or regulation of any court or any state or federal regulatory body having jurisdiction over the Borrower or its properties, including the Project, 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.

(3) The design and plan of the Project comprise a multifamily rental housing development for seniors as contemplated by the Act, and subject to the other provisions of this Loan Agreement, it is presently intended and reasonably expected that the equipment purchased from the proceeds of the Subordinate Bonds will be permanently located and exclusively used on the Project Premises and that the Borrower will own and operate the Project on the Project Premises throughout the Term of Loan Agreement in the normal conduct of the Borrower's business.

(4) There is public access to the Project Premises, and, as of the date of completion of the Project, the use of the Project 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 Project is located. The Borrower has obtained or will obtain 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 Project to construct, equip, and operate the Project and to enter into, execute and perform its obligations under the Related Loan Documents to which it is a party.

(5) The sum of the proceeds of the Subordinate Bonds and the proceeds of the Senior Notes, together with any other funds to be contributed to the Project by the Borrower or otherwise in accordance with this Loan Agreement, will be sufficient to pay the cost of constructing the Project in a manner suitable for operation as a multifamily housing development for seniors as required in Article 3 hereof.

(6) The Subordinate Bonds are issued within the exemption provided under Section 142(d) of the Code with respect to residential rental property, and "substantially all" of the proceeds of the Subordinate Bonds will be used for expenditures chargeable to the capital account of the Project.

(7) A major inducement to the Borrower to construct and equip the Project was the source of financing provided under the Act and the assurance the Borrower received from the Issuer that such financing would be made available to the Borrower; all Project Costs heretofore incurred by the Borrower for which the Borrower will seek reimbursement from the proceeds of the Subordinate Bonds were incurred in anticipation of reimbursement from the proceeds of the Subordinate Bonds, if such proceeds should become available on terms acceptable to the Borrower; the Borrower investigated the possibility of such financing prior to incurring such Project Costs; and the Borrower did not commence construction of the Project more than sixty (60) days prior to April 16, 2018, which is the date on which the City Council of the Issuer gave preliminary approval to the Project and the financing thereof in whole or part through the Subordinate Bonds, and adopted a statement of official intent to reimburse an original expenditure pursuant to Section 1.150-2 of the Treasury Regulations.

(8) The Borrower is not in the trade or business of selling properties such as the Project and the Borrower is acquiring the Project for investment purposes only or otherwise for use by the Borrower in its trade or business; 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 Project, except as contemplated by the partnership agreement of the Borrower.

(9) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against 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 or upon the validity or enforceability of the instruments referred to in subsection (1) above, or the ability of the Borrower to perform its obligations thereunder, and the Borrower is not in default with respect to any order of any court or governmental agency.

(10) 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.

(11) The Borrower has filed all federal and state income tax returns which, to the knowledge 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 it to the extent that they have become due.

(12) To the best of the Borrower's knowledge, no public official of the Issuer has either a direct or indirect financial interest in this Loan Agreement nor will any public official either directly or indirectly benefit financially from this Loan Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87, as amended.

(13) No other obligations have been or will be issued under Section 103 of the Code which are sold at substantially the same time as the Subordinate Bonds, pursuant to the same plan of financing, which are reasonably expected to be paid out of substantially the same source of funds as the Subordinate Bonds.

(14) The Project will be eligible for low income housing tax credits under Section 42 of the Code.

(15) The Development Agreement is in full force and effect and has not been amended or revised and there is no litigation pending or threatened with respect to the TIF Note or the Development Agreement.

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ARTICLE 3

COMPLETION OF PROJECT

Section 3.1 Construction and Equipping of Project by Borrower. In connection with the acquisition, construction, and equipping of the Project, the Borrower represents and covenants as follows:

(1) Construction and Equipping. The Borrower will construct and equip the Project within the boundary lines of the Project Premises and will provide all other improvements, access roads, utilities, parking facilities, and other items required for a facility fully operable for use as a multifamily residential rental property for seniors.

(2) Completion. The Borrower will construct the Project as promptly as practicable with all reasonable dispatch and in any event no later than _____, 20____, except only as completion may be delayed by strikes, riots or acts of God or the public enemy, shortages of materials or supplies or any other reason beyond the reasonable control of the Borrower for which a reasonable extension of the time of completion shall be granted as determined by the Issuer, provided that if the Project is not completed by that date there shall be no resulting liability on the part of the Issuer and no abatement or diminution in the payments required to be made by the Borrower under Article 4 hereof.

Section 3.2 Payment of Project Costs by Borrower. The Borrower agrees that it will provide any and all money required for the prompt and full payment of all sums required to complete the Project, including all of the following items (the "Project Costs") which the Issuer agrees will be payable or reimbursable from available money in the Project Fund from and to the extent and in the manner provided in Sections 3.5 and 3.6 hereof and subject to the provisions of the Act and the Code:

(1) all expenses incurred and to be incurred in connection with the construction and equipping of the Project, the contract price of all labor, services, materials, supplies and equipment furnished under any contract for construction of the Project, any developer fee or construction management fee or other amounts incurred in connection therewith, including the cost of all equipment and all appurtenances thereto, and of all rights-of-way for access and utility connections to and from the Project, and all fees required for recording all financing statements and any real estate documents;

(2) the expense of preparation of the plans and specifications for the Project, including utilities, and all other facilities necessary or desirable in connection therewith, and all other architectural, engineering and supervisory services incurred and to be incurred in the planning, construction and completion of the Project;

(3) all legal (including Bond Counsel and counsel to the Issuer, Borrower, Original Purchaser, and Trustee), abstractors', financial and accounting fees and expenses, administrative and rating agency fees (if any), printing and engraving costs and other expenses incurred and to be incurred on or before or in connection with the Completion Date with respect to (i) the establishment of title to the Project Premises, (ii) the authorization, sale and issuance of the Subordinate Bonds, (iii) the preparation of this Loan Agreement, the Indenture, the Regulatory Agreement, and all other documents necessary to the Date of Issuance or required by this Loan Agreement or the Indenture, (iv) the establishment of the Completion Date, including compliance with any governmental or administrative rules or regulations on or before such date, or (v) the administrative charges imposed by the Issuer pursuant to Section 4.4(2) hereof in connection with the issuance of the Subordinate Bonds;

- (4) premiums on all insurance (including any title insurance) required to be taken out and maintained during the period before the Completion Date;
- (5) all expenses incurred in seeking to enforce any remedy against any contractor, or any subcontractor or any supplier in respect of any default under any contract with such Person;
- (6) all deed taxes, mortgage registry taxes, recording fees and other taxes, charges and assessments and license and registration fees of every nature whatsoever incurred and to be incurred in connection with construction or completion of the Project including the financing thereof;
- (7) the cost of all other labor, services, materials, supplies and equipment necessary to complete the construction and equipping of the Project;
- (8) all fees and expenses of the Trustee and Paying Agent under the Indenture that become due on or before the Completion Date or in connection with the establishment of the Completion Date; and
- (9) without limitation by the foregoing, all other expenses which under accepted accounting practice constitute necessary capital expenditures for the completion of the Project or issuance of the Subordinate Bonds, not including Working Capital Expenses (all of which are nevertheless to be supplied by the Borrower from its own funds without reimbursement).

All Project Costs may be paid or reimbursed from available money in the Project Fund to the extent and in the manner permitted in Sections 3.5 and 3.6 hereof. If, however, such money is insufficient to pay in full Project Costs payable therefrom or are otherwise unavailable to pay any Project Costs, the Borrower shall nevertheless promptly pay so much of such Project Costs as may be in excess of such available money in the Project Fund or shall, at the request of the Trustee, forthwith pay over to the Trustee such money as is necessary to pay such Project Costs. The Borrower shall not by reason of the payment of such excess Project Costs be entitled to any reimbursement from the Issuer in excess of any money available therefor in the Project Fund or for any abatement or diminution of the Basic Payments or Additional Charges.

Section 3.3 Authorization by Issuer. In accordance with the Act, the Borrower is authorized by the Issuer, and the Borrower, pursuant to such authorization, agrees:

- (1) to construct and equip the Project as provided in Section 3.1 hereof, upon the Project Premises;
- (2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, with any other Persons, and in general to do all things which may be requisite or proper for constructing and equipping the Project;
- (3) pursuant to the provisions of this Loan Agreement, to pay all fees, costs and expenses incurred in the construction and equipping of the Project from funds made available therefor in accordance with this Loan Agreement or otherwise subject to the right to contest such fees, costs and expenses;
- (4) so long as the Borrower is not in default under any of the provisions of this Loan Agreement to exercise all authority hereby conferred, which is granted and conferred irrevocably to the Completion Date and thereafter until all activities in connection with the construction and equipping of the Project shall have been completed.

Neither the authorization granted in this Section nor any other provision of this Loan Agreement shall be construed as making the Borrower an agent or joint venturer with the Issuer.

Section 3.4 Issuance of Subordinate Bonds. The Issuer and Borrower have contracted for the sale of the Subordinate Bonds authorized by the Indenture, and the Borrower has and does approve the terms of the Indenture. Forthwith upon execution of the Indenture, the Related Loan Documents, and all other documents required to be executed by the aforementioned documents, or as soon thereafter as practicable, the Issuer will execute the Subordinate Bonds and cause them to be authenticated by the Trustee and delivered to the Original Purchaser upon payment of the purchase price of the Subordinate Bonds and filing with the Trustee the opinion of Bond Counsel as to the legality of the Subordinate Bonds and the furnishing of all other documents required by this Loan Agreement, the Disbursing Agreement, the Bond Purchase Agreement and the Indenture to be furnished before delivery.

If for any reason such documents are not furnished and the approving opinion of Bond Counsel in customary form cannot be obtained, then this Loan Agreement shall be terminated and be void and of no effect and the Borrower shall be obligated to pay all costs and expenses enumerated in Section 3.2 hereof and incurred on or before the date of such termination.

Section 3.5 Proceeds of Subordinate Bonds. On the Date of Issuance, \$_____ of the proceeds of the Subordinate Bonds will be disbursed to pay Issuance Expenses and \$_____ of the proceeds of the Subordinate Bonds will be deposited to the Capitalized Interest Fund. The remaining proceeds of the Subordinate Bonds received by the Trustee on the Date of Issuance in the amount of \$_____ will be held by the Trustee in the Escrow Fund until the conditions set forth in Section 3.6(1) hereof are satisfied.

Section 3.6 Conditions of Second and Subsequent Disbursements of Proceeds of Subordinate Bonds.

(1) Following the initial advance of proceeds of the Subordinate Bonds described in Section 3.5 hereof, no further disbursements of the proceeds of the Subordinate Bonds from the Project Fund shall be made until the Borrower provides the Trustee with the following:

- (a) A fully executed Freddie Mac Commitment.
- (b) Evidence of a rate lock with regard to the Permanent Phase Interest Rate (as defined in the Funding Loan Agreement).
- (c) Evidence that all of requirements of the Initial Funding Lender to fund the Funding Loan have been satisfied.
- (d) Evidence that the Regulatory Agreement has been recorded in the land records of the County.

(2) Upon satisfaction of the conditions set forth in Section 3.6(1) hereof, the Trustee will cause the proceeds of the Subordinate Bonds to be deposited as follows: the amount of \$_____ to the Project Fund and the amount of \$_____ to the Bond Fund.

(3) Upon satisfaction of the conditions set forth in Section 3.6(1) hereof, the funds in the Project Fund shall be disbursed in accordance with the Construction Continuing Covenant Agreement (as defined in the Funding Loan Agreement) and the Disbursing Agreement (except the disbursement of

Issuance Expenses of the Subordinate Bonds shall not be subject to the provisions of the Disbursing Agreement), to or upon the order of the Borrower, in payment or reimbursement of Project Costs.

Section 3.7 Establishment of Completion Date. Within _____ days of the Completion Date, any balance remaining in the Project Fund in excess of the amount retained therein pursuant to the Disbursing Agreement shall be transferred to the Bond Fund held by the Trustee and established under the Indenture and shall be used by the Trustee (a) to redeem the largest number of Subordinate Bonds callable, without premium or penalty, under the terms of the Indenture at the first opportunity or (b) to pay principal due on the Subordinate Bonds, in accordance with Sections 5.4(2) and 5.5(2) of the Indenture.

Section 3.8 Payment and Performance Bond. The Borrower shall have a payment and performance bond for the construction of the Project as required by the financing documents for the Senior Notes.

Section 3.9 Enforcement of Contract. In the event of default of any contractor or subcontractor under any construction contract or in the event of a breach of warranty with respect to any materials, workmanship or performance, the Borrower will promptly proceed, either separately or in conjunction with others, to exhaust its remedies against the contractor, subcontractor or vendor in default and against any surety on a bond securing the performance of such contract, provided, however, that the Borrower may on the advice of its counsel and with the Trustee's consent refrain from exhausting such remedies if determined by the Borrower not to be in its best interests and not necessary to complete the Project. The Borrower will promptly advise the Trustee of the steps it intends to take in connection with any such default. Any amounts recovered pursuant to any bond or by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, other than any amounts resulting from the loss of income, shall be paid into the Project Loan Fund if received before the Completion Date, and otherwise shall be paid into the Bond Fund, provided that the Borrower may obtain reimbursement for any payments made by the Borrower in connection with such action as an item of Project Cost as provided in Section 3.6 hereof.

Section 3.10 Title Insurance. In connection with the issuance of the Subordinate Bonds, the Borrower agrees to furnish the Trustee with a commitment for a mortgagee's policy of title insurance and a title insurance policy issued by Title in an amount not less than the original principal amount of the Subordinate Bonds, insuring the following:

- (1) that fee title to the Project Premises in in the name of the Borrower;
- (2) that the Subordinate Mortgage is a subordinate mortgage lien upon the Project Premises subject to the Senior Mortgages and the other Permitted Encumbrances; and
- (3) that the Project and its use do not violate any zoning or other use restrictions covering the Project Premises and provides the coverage included within the standard zoning endorsement.

Such commitment must also waive and insure over the following standard exceptions: (a) facts which would be disclosed by a comprehensive survey of the premises; (b) mechanics', contractors', or materialmen's liens and lien claims; and (c) right of parties in possession other than Digi International, as the seller of the premises.

Notwithstanding the foregoing, the Trustee shall have no duty to review or analyze such commitment or the insurance policy.

ARTICLE 4

THE LOAN, BASIC PAYMENTS, ADDITIONAL CHARGES AND ADDITIONAL FINANCING

Section 4.1 The Loan. The Issuer agrees, upon the terms and conditions herein specified, to lend to the Borrower the proceeds received by the Issuer from the sale of the Subordinate Bonds, by causing such proceeds to be deposited with the Trustee for disposition as provided herein and in the Indenture. The amount of the Loan shall be deemed to include any “discount” or any other amount by which the aggregate price at which the Issuer sells the Subordinate Bonds to the Underwriter is less than the aggregate principal amount of the Subordinate Bonds, and the obligation of the Issuer to make the Loan shall be deemed fully discharged upon so depositing the proceeds of the Subordinate Bonds with the Trustee.

Section 4.2 Basic Payments. Subject to the Borrower’s right of prepayment granted in Section 8.2 hereof, the Borrower agrees to repay the Loan in installments of Basic Payments as follows:

(1) During the Term of Loan Agreement, and subject to the prior pledge by the Borrower to make payments under the Project Loan Agreement, the Borrower shall make Basic Payments under this Loan Agreement in immediately available funds as follows:

(a) On or before the twentieth day of each month, the Borrower shall make Basic Payments in an amount which, (i) commencing on October 20, 2018 and continuing through February 20, 2019, will equal one-fifth of the total interest due on all Outstanding Subordinate Bonds on the next Interest Payment Date net of the anticipated regularly scheduled semiannual payment on the TIF Note; (ii) commencing on March 20, 2019 and continuing thereafter, will equal one-sixth of the total interest due on all Outstanding Subordinate Bonds on the next Interest Payment Date net of the anticipated regularly scheduled semiannual payment on the TIF Note; and (iii) commencing on March 20, 2022 and continuing thereafter, will equal one-sixth of the total principal due on all Outstanding Subordinate Bonds on the next principal payment date (including principal due pursuant to the Mandatory Redemption Schedule after taking into account any credit to which the Borrower may be entitled under Section 3.1(2) of the Indenture net of the anticipated regularly scheduled semiannual payment on the TIF Note). There shall be credited against such payments amounts deposited in the Bond Fund interest earnings retained in or credited to the Bond Fund. Interest payments shall be made from funds in the Capitalized Interest Fund until those funds are depleted.

(b) In any event the sum of the Basic Payments payable under this Section and amounts deposited in the Bond Fund shall be sufficient to pay all principal, interest and premium, if any, on the Subordinate Bonds as such principal, interest and premium become due, at maturity, upon redemption, acceleration or otherwise, and accordingly if on the Business Day immediately preceding each Maturity Date the balance in the Bond Fund is not sufficient for this purpose, the Borrower will make a Basic Payment on such Business Day to cure the deficiency.

(2) All payments of Basic Payments shall be made directly to the Trustee at its corporate trust office, for the account of the Issuer and shall be deposited by the Trustee in the Bond Fund. In the event the Borrower should fail to make any of the payments required in this Section 4.2, the item so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon (including to the extent permitted by

law, interest on overdue installments of interest) at the rate borne by the respective Subordinate Bonds as to which such default exists.

(3) Except during the continuance of an Event of Default, all available remaining sums on deposit in the Bond Fund not credited against currently payable installments of Basic Payments or applied as provided in Section 7.8, 8.2 or 8.4 hereof shall be credited against the last installments of Basic Payments.

(4) In no event shall any purchase of any Subordinate Bonds made by or on behalf of the Borrower result in the discharge of either (a) the Subordinate Bonds so purchased; (b) the obligations under this Section 4.2 to make Basic Payments relating to the Subordinate Bonds so purchased; or (c) the Loan made hereunder to the extent of the Subordinate Bonds so purchased, unless and to the extent the Subordinate Bonds so purchased are surrendered to the Trustee and canceled.

Section 4.3 [Intentionally Omitted].

Section 4.4 Additional Charges. The Borrower agrees to pay, when due, each and all of the following:

(1) to or upon the order of the Trustee, when due, all reasonable fees of the Trustee for services rendered under the Indenture and all reasonable fees and charges of the Paying Agent, registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance on request of the Trustee of services required under the Indenture for which the Trustee and such other Persons are entitled to payment or reimbursement, provided that the Borrower may, without creating a default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses;

(2) the reasonable fees and expenses of counsel for the Issuer and an administrative fee equal to one-eighth of one percent (0.125%) of the original aggregate principal amount of the Subordinate Bonds due on Date of Issuance (\$_____);

(3) to the Trustee, the amount of all advances made by the Trustee, with interest thereon, as provided in Section 5.4 hereof;

(4) to the Issuer or Trustee, as the case may be, interest at the rate equal to one percent (1%) over the prime rate on each payment commencing on the date when due and required in this Section to be made to the Issuer or Trustee, if not made when due and if not advanced by the Trustee under the Indenture; and

(5) any costs incurred by the Trustee or Original Purchaser in the preparation of printed bonds.

Section 4.5 Borrower's Obligations Unconditional. All Basic Payments and Additional Charges and all other payments required of the Borrower hereunder shall be paid without notice or demand and without setoff, counterclaim, or defense for any reason and without abatement or deduction or defense (except as provided in Sections 8.2 and 9.13 hereof). The Borrower will not suspend or discontinue any such payments, and will perform and observe all of its other agreements in this Loan Agreement, and, except as expressly permitted in Sections 7.8 and 8.4 hereof, will not terminate this Loan Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or the Borrower's business, the taking of the Project or the Borrower's business by Condemnation or otherwise, the lawful prohibition of the Borrower's use of the Project or the Borrower's business, the interference with such use by any Person,

the invalidity or unenforceability or lack of due authorization or other infirmity of this Loan Agreement, the lack of right, power or authority of the Issuer to enter into this Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or Trustee, 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 Loan Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Basic Payments and other amounts payable by the Borrower hereunder shall be paid in full when due without any delay or diminution whatever. Pursuant to the Guaranty, the Guarantor has guaranteed the payments of the Borrower required under Sections 4.2 and 4.4 hereof.

Section 4.6 Assignment of Issuer's Rights. As security for the payment of the Subordinate Bonds, the Issuer will pledge the amounts payable hereunder and assign, without recourse or liability, to the Trustee, the Issuer's rights under this Loan Agreement, including the right to receive payments hereunder (except the right to receive payments, if any, under Sections 3.2, 4.4, 7.4, 9.5, 10.8, 10.11, 10.12, and 10.13 hereof) and hereby directs the Borrower to make said payments directly to the Trustee. The Borrower herewith assents to such assignment and will make payments under this Loan Agreement directly to the Trustee without defense or setoff by reason of any dispute between the Borrower and the Trustee.

Section 4.7 Borrower's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its agreements herein, and if the Issuer should fail to perform any such agreements, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel such performance so long as such action shall not violate the Borrower's agreements in Section 4.4 hereof or diminish or delay the amounts required to be paid by the Borrower pursuant to Section 4.2 hereof. The Borrower acknowledges, however, and agrees that any pecuniary obligation of the Issuer created by or arising out of this Loan Agreement shall be payable solely out of the proceeds derived from this Loan Agreement and the sale of the Subordinate Bonds.

Section 4.8 Compliance with Issuer's Private Activity Bond Policy. The Borrower agrees to comply with the Issuer's Policy Number 2.5 related to Tax Exempt Financing.

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ARTICLE 5

PROJECT COVENANTS

Section 5.1 Project Operation and Maintenance.

(1) The Borrower shall pay all expenses of the operation and maintenance of the Project, 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 Project and payable during the Term of Loan Agreement and further described in this Article 5.

(2) At the request of the Trustee or the Underwriter, the Borrower shall prepare and deliver to the Trustee and to the Underwriter, on January 1, 2037, and on every fifth anniversary thereafter, a needs assessment for the ensuing five (5) year period with respect to the Project (the “Capital Needs Assessment”). The Capital Needs Assessment will include the projected costs of the required capital expenditures for such period identified in the Capital Needs Assessment.

Section 5.2 Sale or Lease of Project. So long as any Subordinate Bonds are Outstanding, the Borrower will not lease the Project (except tenant leases in the normal course of business), in whole or in part, nor sell, mortgage or otherwise encumber its interests in the Project, in whole or part, except as provided in Sections 7.5 and 8.1 hereof, provided that in no event shall such lease, assignment or sale be permitted if (1) the effect thereof would be to impair the validity or the exclusion from gross income under Section 103 of the Code of the interest on the Subordinate Bonds, or (2) if any such transaction should release the Borrower of any of its obligations under this Loan Agreement (except as otherwise provided in Section 8.1 hereof). Before any such lease, sale or assignment, the Borrower shall deliver to the Trustee an opinion of Bond Counsel, addressed to the Trustee and in form and substance satisfactory to the Trustee, stating in effect that such lease, sale or assignment will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation. The Borrower shall give at least thirty (30) days’ notice to the Trustee and the Issuer of any such sale, assignment or lease, unless such thirty (30) day notice is waived by the Trustee and the Issuer.

Section 5.3 Subordinate Mortgage and Security Agreement. In consideration of the Loan, and as security for the Basic Payments to be made by the Borrower for the payment of the Subordinate Bonds, and as security for the performance of all of the other obligations, agreements, and covenants of the Borrower to be performed and observed hereunder, the Borrower shall execute and cause to be delivered and recorded in the real estate records of the County the Subordinate Mortgage, shall execute and deliver the Security Agreement, and shall keep, perform, and observe each of its obligations thereunder.

Section 5.4 Advances. The Borrower acknowledges and agrees that under the Indenture, the Trustee may take certain action and make certain advances relating to the Project or to certain other matters as expressly provided therein, and the Borrower shall be obligated to repay all such advances on demand, with interest from the date of each such advance, at the rate and under the conditions set forth in the Indenture.

Section 5.5 Alterations to the Project and Removal of Equipment. The Borrower shall have the right from time to time, at its cost and expense, to remodel and make such additions, modifications, alterations, improvements and changes (collectively referred to as “alterations”) in or to the Project or to remove any equipment therefrom as the Borrower, in its discretion, may deem to be desirable for its uses

and purposes, provided such alterations or removal do not impair the character of the Project as a “project” within the meaning of the Act or otherwise impair the exclusion from gross income under Section 103 of the Code of the interest on the Subordinate Bonds.

Section 5.6 Insurance. The Borrower shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(1) Insurance against loss and/or damage to the Project under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than one hundred percent (100%) of the full insurable replacement cost of the Project but any such policy may have a deductible amount of not more than \$100,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term “full insurable replacement cost” shall mean the actual replacement cost of the Project (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, and shall be determined from time to time at the request of the Trustee, every five (5) years, commencing September 1, 2023, by an insurance consultant or insurer, selected and paid for by the Borrower. Unless otherwise required by the financing documents with respect to the Senior Notes, all policies evidencing insurance required by this subsection (1) with respect to the Project shall be carried in the names of the Borrower and the Trustee as their respective interests may appear and shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to the Project which are less than \$100,000 for loss or damage covered thereby to be made payable directly to the Borrower, and Net Proceeds from such claims which are equal to or in excess of \$100,000 to be made payable directly to the Trustee. Unless otherwise required by the financing documents with respect to the Senior Notes, the Net Proceeds of such insurance required by this subsection (1) with respect to the Project shall be applied as provided in Sections 5.7 and 5.8 hereof. Unless otherwise required by the financing documents with respect to the Senior Notes, the Net Proceeds of such insurance required by this subsection (1) with respect to the facilities of the Borrower other than the Project shall be payable to the Borrower.

(2) Comprehensive general public liability insurance, including personal injury liability, and, if the Borrower owns or leases any automobiles, automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles), and in the minimum amount of \$500,000 for each occurrence and for each year for liability arising out of ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Trustee and the Issuer as additional insureds.

(3) Business interruption insurance or rental loss insurance covering actual losses in gross operating earnings of the Borrower resulting directly from necessary interruption of business caused by damage to or destruction (resulting from fire and lightning; accident to a fired-pressure vessel or machinery; and other perils, including windstorm and hail, explosion, civil commotion, aircraft and vehicles, sprinkler leakage, smoke, vandalism and malicious mischief, and accident) to real or personal property constituting part of the Project, less charges and expenses which do not necessarily continue during the interruption of business, for such length of time as may be required with the exercise of due diligence and dispatch to rebuild, repair or replace such properties as have been damaged or destroyed, with limits equal to at least the sum of twelve (12) months’ operating expenses of the Project, plus the combined maximum amount of principal of and interest payable on the Outstanding Senior Notes and the Subordinate Bonds in the current or any future calendar year.

(4) Such other insurance, including workers' compensation insurance respecting all employees of the Borrower, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure, provided that the Borrower may be self-insured with respect to all or any part of its liability for workers' compensation.

All insurance required in this Section shall be taken out and maintained in responsible insurance companies selected by the Borrower which are authorized under the laws of the State to assume the risks covered thereby. The Borrower will annually provide to the Trustee a certificate of the authorized Borrower representative stating that the insurance required by this Section is in full force and effect in the amounts required above, and the Trustee shall be authorized to conclusively rely on such certificate. The Trustee has no duty or obligation to determine the sufficiency of such insurance requirements. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving written notice to the Borrower and the Trustee at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Borrower may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

Section 5.7 Damage or Destruction. The Borrower agrees to notify the Trustee immediately in the case of damage exceeding \$250,000 in amount to, or destruction of, the Project or any portion thereof resulting from fire or other casualty. In the event that any such damage or destruction does not exceed \$250,000, the Borrower shall forthwith repair, reconstruct and restore the Project to substantially the same or an improved condition or value as existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage received by the Borrower to the payment or reimbursement of the costs thereof. Net Proceeds of any insurance relating to such damage up to \$250,000 shall be paid directly to the Borrower.

In the event the Project or any portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$50,000, then the Borrower shall within one hundred twenty (120) days after such damage or destruction elect one (1) of the following options by written notice of such election to the Trustee:

(1) Option A - Repair and Restoration. The Borrower may elect to repair, reconstruct and restore the damaged Project. In such event, the Borrower shall proceed forthwith to repair, reconstruct and restore the damaged or destroyed Project to substantially the same condition or value as existed prior to the event causing such damage or destruction and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Borrower from the Trustee to the payment or reimbursement of the costs thereof. So long as no Event of Default exists, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Borrower upon the receipt of:

(a) A certificate of the Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other money legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

(b) The written approval of such certificate by an Independent Engineer.

In the event the Borrower shall elect this Option A, the Borrower shall complete the repair, reconstruction and restoration of the Project, whether or not the Net Proceeds of insurance received by the Borrower for such purposes are sufficient to pay for the same. Net Proceeds not required for the repair,

reconstruction and restoration of the Project or prepayment of the Senior Notes shall be applied to the prepayment of the Subordinate Bonds or used for such other purpose as the Trustee, based upon an opinion of Bond Counsel, determines will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation.

(2) Option B - Redemption of the Subordinate Bonds. In the event that the Borrower shall determine that it is not practical or desirable to rebuild, repair or restore the Project, or, in case the Borrower is unable to deliver the certificates or reports necessary under Option A of this Section, this Loan Agreement shall be terminated in accordance with Section 8.4 hereof and the Subordinate Bonds shall be redeemed. If the Net Proceeds of insurance, together with all amounts then held by the Trustee under the Indenture available to redeem or retire the Subordinate Bonds, shall be insufficient to so redeem the Subordinate Bonds (including the expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Basic Payment and the Net Proceeds of insurance, together with such Basic Payment and amounts held by the Trustee under the Indenture, shall be applied to such redemption of the Subordinate Bonds in accordance with Section 8.4 hereof and Section 3.1 of the Indenture. If the Subordinate Bonds have been fully paid and all obligations of the Borrower hereunder have been paid or provided for, all Net Proceeds shall be paid to the Borrower.

Section 5.8 Condemnation. If the Project or any material portion thereof is condemned or taken for any public or quasi-public use and title thereto vests in the party condemning or taking the same, the Borrower hereby irrevocably assigns to the Trustee, subject to the terms of the Project Loan Documents (as defined in the Funding Loan Agreement) and the Funding Loan Agreement providing for the utilization of such Net Proceeds, all the Borrower's right, title and interest in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking. The Trustee shall cooperate fully with the Borrower in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any material part thereof. The Borrower shall, within one hundred twenty (120) days after the date on which the Net Proceeds are finally determined, elect one of the following options by written notice of such election to the Trustee.

(1) Option A - Repairs and Improvements. The Borrower may elect to use the Net Proceeds of the award made in connection with such condemnation or taking for additions, repairs and improvements to the Project. In such event, so long as no Event of Default exists, the Borrower shall have the right to receive such Net Proceeds from the Trustee from time to time upon receipt by the Trustee of:

(a) A Certificate of the Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the money legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(b) If such Net Proceeds equal or exceed \$500,000 in amount, the written approval of such Certificate by an Independent Engineer.

The Borrower agrees to apply any such Net Proceeds so received solely to the purposes specified in such Certificate. Net Proceeds not required for the repairs and improvements or prepayment of the Senior Notes shall be applied to the prepayment of the Subordinate Bonds or in such other manner as the Trustee, based upon an opinion of Bond Counsel, determines will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation.

(2) Option B - Redemption of the Subordinate Bonds. The Borrower may elect that this Loan Agreement shall be terminated in accordance with Section 8.4 hereof and the Subordinate Bonds shall be redeemed. If the Net Proceeds of condemnation, together with the amount then held by the Trustee under the Indenture available to redeem the Subordinate Bonds shall be insufficient to redeem the Subordinate Bonds (including principal, accrued interest, and expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Basic Payment, and the Net Proceeds of condemnation, together with such Basic Payment and amounts held by the Trustee under the Indenture shall be applied to such redemption of the Subordinate Bonds in accordance with Section 8.4 hereof and Section 3.1 of the Indenture. If the Subordinate Bonds have been duly paid and all other obligations of the Borrower hereunder have been paid or provided for, any remaining Net Proceeds shall be paid to the Borrower.

Section 5.9 [Intentionally Omitted].

Section 5.10 Hazardous Materials. The Borrower shall not use the Project in any manner so as to violate in any material respect any applicable law, rule, regulation or ordinance of any governmental body or in such manner as to vitiate insurance upon the Project. The Borrower shall not commit or permit any waste upon the Project which would materially decrease the value of the Project. The Borrower shall comply in all material respects with all regulations concerning the environment, health and safety relating to the generation, use, handling, production, disposal, discharge and storage of Hazardous Materials, as defined herein, in, on, under, or about the Project. The Borrower shall promptly take any and all necessary action in response to the presence, storage, use, disposal, transportation or discharge of any Hazardous Materials in, on, under or about the Project by the Borrower or Persons acting on behalf of or at the direction of the Borrower as all applicable laws, rules, regulations, or ordinances may require, provided, however, that the Borrower shall not, without the Trustee's prior written consent, which consent shall not be unreasonably withheld, take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Project, nor enter into any settlement agreement, consent decree, or other compromise in respect to any claims, proceedings, lawsuits or actions, completed or threatened pursuant to any Hazardous Materials laws or in connection with any third party, if such remedial action, settlement, consent or compromise might, in the Trustee's sole determination, impair the value of the Project; the Trustee's prior consent shall not, however, be necessary in the event that the presence of Hazardous Materials in, on, under, or about the Project either (1) poses an immediate threat to the health, safety, welfare or property right of any individual, or (2) is of such a nature that an immediate remedial response is necessary under applicable laws, rules, regulations, or ordinances, and it is not possible to obtain the Trustee's consent prior to undertaking such action.

In the event the Borrower undertakes any remedial action with respect to any Hazardous Materials on, under or about the Project, the Borrower shall immediately notify the Trustee of any such remedial action, and shall conduct and complete such remedial action (a) in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, (b) to the reasonable satisfaction of the Trustee and (c) in accordance with the orders and directives of all federal, state and local governmental authorities. As used herein, the term "Hazardous Materials" shall mean (unless, and only to the extent that, being used in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies): (1) oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other substances, materials or pollutants which (A) pose a hazard to the Project, to adjacent premises or to Persons on or about the Project or adjacent premises, (B) cause the Project to be in violation of any local, state or federal law, rule, regulation or ordinance, or (C) are defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations, policy guidelines or other publications adopted or promulgated pursuant thereto, including, but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42

U.S.C. § 9601, et seq.; (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1601, et seq.; (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; (iv) the Clean Air Act, 42 U.S.C. § 7412; (v) the Toxic Substance Control Act, 15 U.S.C. § 2601 et seq.; (vi) the Clean Water Act, 33 U.S.C. § 1317 and 1321(b)(2)A and (vii) rules, regulations, ordinances and other publications adopted or promulgated pursuant to the aforesaid laws; (2) asbestos in any form which is or could become friable, (3) urea formaldehyde foam insulation, and (4) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety or property interests of the Borrower or its employees, the occupants of the Project or the owners or occupants of property adjacent to or surrounding the Project.

Section 5.11 Release of Real Property. The Borrower shall have the right, at any time and from time to time, to a release of any portion of the Project Premises from the Subordinate Mortgage, but only as follows:

(1) Project Premises not containing any permanent structure necessary for the total operating unity and efficiency of the Project may be released for the purpose of selling the same to a third person or to facilitate the construction or financing of additions to the Project or additional structures not related to the Project on such portion of the Project Premises, but only upon receipt by the Trustee of the following:

(a) Certificate of a Borrower Representative setting forth in substance as follows:

(i) The address and legal description of the portion of the Project to be released;

(ii) The number of square feet of the property to be released,

(iii) A certification that (a) the portion of the Project to be released is not needed for the operation of the Project and is not necessary for the total operating unity and efficiency of the Project, and the release will not cause a reduction in the net revenues of the Project; (b) the release will not impair the structural integrity of the Project or the usefulness of the Project; and (c) the release will not inhibit adequate means of ingress to or egress from the Project;

(iv) No Default exists under this Loan Agreement, and

(v) All conditions precedent herein provided for relating to such release have been complied with;

(b) An ALTA survey prepared by a registered land surveyor describing and showing the Project Premises, after giving effect to such release; and

(c) An opinion of counsel stating that the certificates, opinions and other instruments which have been or are therewith delivered to and deposited with the Trustee conform to the requirements of this Loan Agreement and that, upon the basis of such application, the property may be released from the lien of the Subordinate Mortgage, and that all conditions precedent herein provided for relating to such release have been complied with.

(d) If the Senior Notes are outstanding, evidence that the Initial Funding Lender or Freddie Mac, as applicable, has consented in writing to the release of such real property and evidence of such written approvals provided to the Trustee.

(2) The Borrower may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Project Premises, free from the lien of the Subordinate Mortgage, or the Borrower may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the Trustee will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or privilege, provided, however, that prior to any such grant or release, there shall have been supplied to the Trustee a certificate of the Borrower Representative and, if requested by the Trustee, of an Independent Engineer to the effect (i) that such grant or release is not detrimental to the proper operation of the Facilities and (ii) such grant or release will not impair the operating unity or the efficiency of the Facilities on such Project Premises or materially and adversely affect the character thereof.

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ARTICLE 6

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 Damage and Destruction. Pursuant to Section 5.7 hereof, if there are any Outstanding Subordinate Bonds when the Project is damaged or destroyed by fire or other casualty, the Borrower shall either restore the Project to the extent permitted or required by this Loan Agreement, the Indenture, the Subordinate Mortgage, or, if Section 8.4 hereof is applicable, exercise its option to prepay the Loan pursuant to said Section.

Section 6.2 Condemnation. Pursuant to Section 5.8 hereof, if there are any Outstanding Subordinate Bonds when the Project or any part thereof is taken by Condemnation, the Borrower shall either restore the Project to the extent permitted or required by this Loan Agreement, the Indenture, the Subordinate Mortgage, or, if Section 8.4 hereof is applicable, exercise its option to prepay the Loan pursuant to said Section.

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ARTICLE 7

BORROWER'S COVENANTS

Section 7.1 Covenant for the Benefit of the Trustee and Bondholders. The Borrower recognizes the authority of the Issuer to assign its interest in and pledge money receivable under this Loan Agreement (other than certain payments required to be made to the Issuer under Sections 3.2, 4.4, 7.4, 9.5, 10.8, 10.11, 10.12, and 10.13 hereof) to the Trustee as security for the payment of the principal and purchase price of and interest and redemption premiums, if any, on the Subordinate Bonds, and the payment of all fees and expenses of the Trustee, and hereby agrees to be bound by, and joins with the Issuer in the grant of, a security interest to the Trustee in any right and interest the Borrower may have in sums held in the funds described in Article 5 of the Indenture, pursuant to the terms and conditions thereof, to secure payment of the Subordinate Bonds. Each of the terms and provisions of this Loan Agreement is a covenant for the use and benefit of the Trustee and Holders of the Subordinate Bonds, so long as any thereof shall remain Outstanding, but upon payment in full of the Subordinate Bonds in accordance with Article 7 of the Indenture and of all fees and charges of the Trustee and Paying Agent, all references in this Loan Agreement to the Subordinate Bonds, the Holders thereof and the Trustee shall be ineffective, and neither the Trustee nor the Holders of any of the Subordinate Bonds shall thereafter have any rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Loan Agreement.

Section 7.2. Inspection and Access. The Borrower agrees that the Trustee and its duly authorized agents shall have the right at all reasonable times upon prior written notice to examine and inspect, and for that purpose to enter upon, the Project Premises, and shall also have such right of access thereto as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article 5 hereof and the applicable provisions of the Subordinate Mortgage in the event of failure by the Borrower to perform these obligations.

Section 7.3 Annual Statement, Audit, Certificate of Compliance and Other Reports.

(1) Commencing with the fiscal year ending December 31, 2018 and continuing thereafter, the Borrower shall furnish to the Trustee by no later than one hundred twenty (120) days after the close of each fiscal year of the Borrower during the term hereof, a copy of annual financial statements of the Borrower for the preceding fiscal year, including a balance sheet and operating statements (such statements are required to be audited by an Independent Accountant commencing with the fiscal year ending December 31, 2020). The Borrower also agrees to furnish to the Trustee by no later than forty-five (45) days after the close of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2018, a copy of unaudited, internally prepared financial statements of the Borrower presented in a manner similar to the annual audited financial statements, as well as physical and economic occupancy statistics for such quarter.

(2) At the time the Borrower causes to be furnished the annual financial statements, the Borrower shall also furnish the Trustee a certificate executed by the Borrower Representative, declaring that during the same fiscal year covered by the statements and continuing to the date of execution of the certificate, the Borrower has fully complied with the terms and conditions of this Loan Agreement.

(3) The Borrower will furnish the Issuer and the Trustee all reports required pursuant to law and regulations of the Act.

(4) The Borrower will, and at the request of the Issuer or Trustee at the Borrower's expense, furnish to the Trustee and the Issuer at such times and in such form as the Issuer and Trustee, may reasonably require (A) a copy of such other reports containing such information as is necessary to comply with any lawful reporting or continuing registration requirements imposed by any agency of the State under the Act, the Minnesota Blue Sky Laws or any other applicable state law as it now exists or may hereafter be amended or by any agency of any other state in which the Subordinate Bonds have been sold, or (B) such information as is necessary to comply with federal securities law.

(5) The Trustee shall have no duty to review or analyze any such financial statements or reports. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

Section 7.4 Indemnity by Borrower. The Borrower will, to the fullest extent permitted by law, protect, indemnify and save the Issuer and Trustee and their officers, agents, directors, and employees and any Person who controls the Issuer or Trustee within the meaning of the Securities Act of 1933, as amended, harmless from and against all liabilities, losses, damages, reasonable costs, and expenses (including reasonable attorneys' fees and expenses of the Trustee and the Issuer), taxes, causes of action, suits, claims, demands and judgments of any nature arising from:

(1) except for any gross negligence or willful misconduct of the Issuer or Trustee, any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the use, non-use, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to the construction or installation of property or improvements. The foregoing indemnification obligations shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Borrower, customers, suppliers or affiliated organizations under any Workers' Compensation Acts, Disability Benefit Acts or other employee benefit acts;

(2) violation of any agreement, provision or condition of this Loan Agreement, except by the Issuer or the Trustee, unless the Issuer or Trustee acts pursuant to direction of the Borrower;

(3) violation by the Borrower of any contract, agreement or restriction, which shall have existed at the commencement of the Term of Loan Agreement or shall have been approved by the Borrower;

(4) violation of any law, ordinance, court order or regulation affecting the Project or a part thereof or the ownership, occupancy or use thereof;

(5) any statement or information relating to the expenditure of the proceeds of the Subordinate Bonds contained in the Tax Certificate or similar document furnished by the Borrower to the Issuer or Trustee which, at the time made, is misleading, untrue or incorrect in any material respect; and

(6) any untrue statement or alleged untrue statement by the Borrower of a material fact contained in the Official Statement or any other offering material approved by the Borrower relating to the sale of the Subordinate Bonds (as from time to time amended or supplemented) or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or failure to properly register or otherwise qualify the sale or reoffering of the Subordinate Bonds or failure to comply with any licensing or other law or regulation which would affect the manner whereby or to whom the Subordinate Bonds could be sold.

Promptly after receipt by the Issuer or Trustee or any such other indemnified person, as the case may be, of notice of the commencement of any action with respect to which indemnity may be sought against the Borrower under this Section, such person will notify the Borrower in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Borrower shall assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to the Issuer, Trustee or such other person as the case may be, and the payment of expenses). Insofar as such action shall relate to any alleged liability with respect to which indemnity may be sought against the Borrower, the Issuer, Trustee or any such other indemnified person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Borrower unless the employment of such counsel has been specifically authorized by the Borrower. The Borrower shall not be liable to indemnify any person for any settlement of any such action effected without the Borrower's consent.

The provisions of this Section 7.4 shall survive the payment and discharge of the Subordinate Bonds.

Section 7.5 Status of Borrower. Throughout the Term of Loan Agreement, the Borrower will maintain its existence as a limited liability limited partnership organized under the laws of the State and a Single Purpose Entity and will not wind up or otherwise dispose of all or substantially all of its assets, provided that subject to the sale restrictions in Section 5.2 hereof and the assignment and transfer conditions in Section 8.1 hereof, the Borrower may, sell or otherwise transfer to another Person all or substantially all of its assets in its entirety and thereafter wind up if the transferee Person assumes all of the obligations of the Borrower under the Related Loan Documents to which it is a party by written instrument delivered to the Issuer and the Trustee. Every such transferee shall be bound by all of the covenants and agreements of the Borrower herein with respect to any further sale or transfer.

Upon any change in the identity of its general partner by way of substitution, sale or otherwise of the Borrower, the Trustee shall be promptly informed and, if requested, each and every general partner of the Borrower as newly constituted shall deliver to the Trustee for the benefit of the Issuer and Bondholders an instrument in form satisfactory to the Trustee affirming the joint and several liability of all then existing general partners for the obligations of the Borrower hereunder for which the general partners are liable (subject in all instances, to Section 9.13 hereof).

The Issuer and Borrower agree that, upon any change in the status of the Borrower, including a change in the identity of its general partner, so long as the requirements, restrictions and conditions of Sections 5.2 and 8.1 hereof and the Regulatory Agreement with respect to such change have been satisfied as provided therein, the general partner involved shall be discharged from liability hereunder. The Trustee by execution of the Indenture shall be deemed to have agreed to execute such documents as may be necessary or desirable to indicate such discharge upon receipt of evidence satisfactory to said parties that the requirements for this Section, Sections 5.2 and 8.1 hereof, and the Regulatory Agreement have been satisfied, and provided that no Event of Default under this Loan Agreement shall have happened and be continuing on the date of the discharge.

The Borrower shall not effect such transfer or change if the result thereof would be to violate any sale restrictions set forth in Section 5.2 hereof, or to subject the interest payable on the Subordinate Bonds (in the hands of any Person who is not a Substantial User of the Project or a Related Person) to federal income taxes under Section 103 of the Code.

Notwithstanding anything to the contrary contained herein or in any other loan document (1) the assignment of administrative limited partner, class B limited partner, or investor limited partner interests in the Borrower, or (2) the removal of the general partner pursuant to the terms of the limited partnership

agreement of the Borrower, shall not be deemed an Event of Default hereunder or under any other loan document and shall not require the consent of the Issuer or the Trustee.

Section 7.6 Filing of Financing Statements. The Borrower agrees that it will, at its sole expense, file any financing statements required to perfect the security interest granted to the Trustee under the Indenture in this Loan Agreement and the payments. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under the Indenture or this Loan Agreement. The Trustee shall file continuation statements with respect to each UCC financing statement relating to the Trust Estate filed by the Borrower at the time of the issuance of the Subordinate Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Issuer or the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "Extraordinary Services" fees.

Section 7.7 Assurance of Tax Exemption. In order to assure that the interest on the Subordinate Bonds shall at all times be excluded from gross income for the purposes of federal income taxation, the Borrower represents and covenants with the Issuer, Trustee and all Holders of the Subordinate Bonds as follows:

(1) The Borrower will fulfill all continuing conditions specified in Section 142 of the Code and Section 1.103-8(b) of the Regulations, to qualify the Subordinate Bonds as residential rental property bonds thereunder.

(2) The Borrower will not use (or permit to be used) the Project or use or invest (or permit to be used or invested) the proceeds of the Subordinate Bonds, or any other sums treated as "bond proceeds" under Section 148 of the Code and applicable federal income tax regulations, including "investment proceeds," "invested sinking funds" and "replacement proceeds," in such a manner as to cause the Subordinate Bonds to be classified "arbitrage bonds" under Section 148 of the Code or "federally guaranteed obligations" under Section 149(b) of the Code.

(3) At least ninety-five percent (95%) of Net Bond Proceeds will be used to finance costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(4) The Borrower has not permitted and will not permit any obligation or obligations to be issued within the meaning of Section 103(b) of the Code so as to cause such obligations to become part of the same "issue of obligations" as the Subordinate Bonds, so as to impair the tax-exempt status of the Subordinate Bonds.

(5) No portion of the proceeds of the Subordinate Bonds will to be used to provide any airplanes, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(6) No portion of the proceeds of the Subordinate Bonds will be used to acquire (a) property to be leased to the government of the United States of America or to any department, agency or

instrumentality of the government of the United States of America, (b) any property not part of the residential rental housing portion of the Project, or (c) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(7) No portion of the proceeds of the Subordinate Bonds (including investment earnings) shall be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Subordinate Bond (including investment earnings) shall be used (directly or indirectly) for the acquisition of land to be used for purposes other than farming purposes.

(8) 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, and if the requirements for a “qualified residential rental project” are not met, does not allow deduction for interest paid on the Subordinate Bonds which accrues during the period beginning on the first day of the taxable year in which the Project ceases to meet such requirements and ending on the date the Project again meets such requirements.

(9) The Borrower shall provide the Issuer on or prior to the Date of Issuance with all information required to satisfy the informational requirements set forth in Section 149(e) of the Code including the information necessary to complete IRS Form 8038.

(10) No money in the Bond Fund or the Project Fund shall be invested in investments which cause the Subordinate Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code. If at any time the moneys in such funds exceed, within the meaning of Section 149(b) of the Code, (i) amounts invested for an initial temporary period until the moneys are needed for the purpose for which the Subordinate Bonds were issued, (ii) investments of a bona fide debt service fund, and (iii) investments of a reserve which meet the requirement of Section 148(c) and (d) of the Code, such excess moneys shall be invested in only those Permitted Investments or Government Obligations, as otherwise appropriate, which are (a) obligations issued by the United States Treasury, (b) other investments permitted under regulations, or (c) obligations which are (a) not issued by, or guaranteed by, or insured by, the United States or any agency or instrumentality thereof or (b) not federally insured deposits or accounts, all within the meaning of Section 149(b)(3)(B) of the Code.

(11) 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 Subordinate Bonds, 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, all within the meaning of Section 148(f) of the Code. The Borrower and the Trustee shall maintain detailed records of the interest rate borne by the Subordinate Bonds and the investments of the Project Fund and the Bond Fund (and any other fund created under the Indenture) and earnings thereon. The Borrower shall comply with Section 5.7 of the Indenture.

(12) The Borrower will not permit more than two percent (2%) of the proceeds of the Subordinate Bonds to be expended (or to be used to reimburse any person for an expenditure) to pay Issuance Expenses as provided by Section 147(g) of the Code.

(13) In order to qualify the Subordinate Bonds and this Loan Agreement under the “program investment” provisions of Section 1.148-2(d)(2)(iii) of the Treasury Regulations, the Borrower (and any Related Person thereto) will take no action the effect of which would be to disqualify this Loan Agreement as a “program investment” as defined in Section 1.148-1(b) of the Treasury Regulations, including but not limited to entering into any arrangement, formal or informal, for the Borrower to purchase bonds or notes of the Issuer in an amount related to the amount of the Subordinate Bonds.

(14) The Borrower will not otherwise use proceeds of the Subordinate Bonds, including expenses, earnings, or take, or permit or cause to be taken, any action that would adversely affect the exclusion from gross income of the interest on the Subordinate Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income, and if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Borrower shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(15) All of the proceeds of the Subordinate Bonds, except those portions of the proceeds used to pay for Issuance Expenses, if applicable, shall, for federal income tax purposes, be (i) allocated to the Project and the land on which the building is located and (ii) be used to pay costs of the acquisition and construction of the Project which are includible in the aggregate basis of the building and the land on which the building is located, in a manner such that the Project satisfies the requirements of Section 42(h)(4)(B) of the Code.

(16) The Borrower will at all times comply with the terms of the Tax Certificate, the Regulatory Agreement, and the Development Agreement.

In the event of a conflict between the terms and requirements of this Section 7.7 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

Section 7.8 Determination of Taxability.

(1) Promptly after the occurrence of a Determination of Taxability, the Borrower shall give written notice to the Issuer and Trustee of the Determination of Taxability and the Borrower shall provide to the Trustee in immediately available funds, an amount which when added to the amounts on deposit in the funds, will equal the principal amount of all the Unpaid Bonds plus accrued interest thereon to the Redemption Date, and the Subordinate Bonds shall be redeemed pursuant to Article 3 of the Indenture.

(2) Upon a Determination of Taxability the Borrower shall also pay to the Trustee an amount equal to the Paying Agent’s and Trustee’s fees, accrued and to accrue until final payment and redemption of the Subordinate Bonds, and all other advances, fees, costs and expenses reasonably incurred by the Trustee, the Issuer and the Paying Agent, including Bond Counsel and legal fees.

(3) If this Loan Agreement has not been terminated under Section 8.4 hereof prior to the Redemption Date for the Subordinate Bonds, this Loan Agreement shall be terminated on said Redemption Date and the closing for the termination of this Loan Agreement shall be completed otherwise as provided for termination of this Loan Agreement upon exercise of the Borrower’s options under Section 8.4 hereof.

(4) Neither the Borrower nor any Holder shall be required to contest or appeal any notice of deficiency, ruling, decision or legislative enactment which may give rise to a Determination of Taxability, and the expenses of any such contest or appeal shall be paid by the party initiating the contest or appeal.

Section 7.9 Subordination of Management Fees. As long as Dominion Management Services, LLC (including its successors and assigns), or an affiliate thereof, is the manager of the Project, any management fees payable by the Borrower with respect to the Project will be wholly subordinate and junior in right of payment to all sums payable under this Loan Agreement with respect to the Subordinate Bonds. Without limiting the foregoing, during the continuance of an Event of Default hereunder, no payment of such management fees shall be made by the Borrower. Further, the Borrower will not pay any such management fees if such payment will cause an Event of Default hereunder.

Section 7.10 Pledge of TIF Note. The Borrower hereby pledges to repayment of the Loan its interest in the TIF Note, which is secured by Available Tax Increment generated from the real property legally described as Exhibit A to the Development Agreement, which consists of a portion of the real property within the Dominion Housing Tax Increment Financing District, a housing district, within the Opus Redevelopment Project. The Borrower represents that it has not previously assigned and covenants that it will not further assign its interest in the TIF Note. To further evidence the Borrower's pledge of the TIF Note to the repayment of the Subordinate Bonds created by this Section 7.10, the Borrower agrees to execute and deliver the Security Agreement.

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ARTICLE 8

BORROWER'S OPTIONS

Section 8.1 Assignment and Transfer. The Borrower may assign its rights and obligations under this Loan Agreement and, as an incident thereto, transfer its interest in the Project without prior consent of the Issuer or the Trustee, but subject to the provisions of Sections 5.2 and 7.5 hereof.

Section 8.2 Prepayment.

(1) The Borrower shall have the option to direct the Trustee to call for redemption and prepayment of the Outstanding Subordinate Bonds in whole or in part to the extent and upon the terms provided in Section 3.1 of the Indenture. The Subordinate Bonds to be redeemed shall be redeemed at a price equal to their principal amount plus accrued interest set forth in Section 3.1 of the Indenture. In the event the Subordinate Bonds are called for redemption in whole or in part, the Borrower shall make a Basic Payment as provided in Section 4.2 hereof on such Redemption Date.

(2) If, after the Borrower exercises its option to redeem all Subordinate Bonds, no Subordinate Bonds remain Outstanding, the Indenture is discharged, and the Borrower has satisfied all of its obligations hereunder, the Trustee and the Issuer shall execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines are necessary to terminate this Loan Agreement. All further obligations of the Borrower hereunder, except as set forth in Section 10.10 hereof, shall thereupon terminate.

Section 8.3 Direction of Investments. Except during the continuance of an Event of Default, the Borrower shall have the right during the Term of Loan Agreement to direct the Trustee to invest or reinvest all money held for the credit of funds established by Article 5 of the Indenture in such securities as are authorized by law for such funds, subject, however, to the further conditions of Article 6 of the Indenture and Section 7.7 hereof.

The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur. The Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that they will receive periodic transaction statements that will detail all investment transactions.

Section 8.4 Termination of Loan Agreement. Except during the continuance of an Event of Default, the Borrower shall have the option of terminating this Loan Agreement subject to the following conditions:

(1) Such option may be exercised if one of the events described in Section 5.7 or 5.8 hereof shall have occurred or if as a result of any changes in the Constitution of the State or the Constitution of the United States of America, or of any legislative or administrative action, whether state or federal, or of any final decree, judgment or order of any court or administrative body, whether state or federal, entered after the contest thereof by the Borrower in good faith, the agreements contained in this Loan Agreement shall have become impossible of performance in accordance with the intent and purposes of the parties as expressed herein, or unreasonable burdens or excessive liabilities shall have been imposed upon the Borrower, including but not limited to the imposition of new state or local ad valorem, property, income or other taxes not imposed on the date of this Loan Agreement, other than ad valorem taxes upon privately owned property and for the same general purpose as the Project and special assessments levied

in amounts proportionate to and not exceeding the benefits of future public improvements to the land included in the Project.

(2) With respect to any of the events stated in subsection (1), if the Borrower determines to exercise its option to terminate this Loan Agreement it must give written notice to the Issuer and Trustee of its decision to exercise its option within one hundred twenty (120) days after such event.

(3) The Borrower shall give written notice to the Issuer and Trustee of its intention to exercise the option, stating therein a termination date not less than forty-five (45) nor more than ninety (90) days after the date the notice is mailed, but in no event prior to the date on which all Outstanding Subordinate Bonds shall be deemed discharged under Article 9 of the Indenture, and the Borrower shall make arrangements satisfactory to the Trustee for the giving of any notice required for redemption of all of the Outstanding Subordinate Bonds on the date on which the Subordinate Bonds are to be redeemed.

(4) The Borrower shall make a Basic Payment as provided in Section 4.2 hereof on the Redemption Date.

(5) The Borrower shall pay to the Trustee at least five (5) days prior to the Discharge Date, an amount equal to the Trustee's and Paying Agent's fees and expenses under the Indenture, accrued and to accrue until final payment and redemption of the Subordinate Bonds and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by the Trustee and Paying Agent under the Indenture and by the Issuer under this Loan Agreement.

(6) On the termination date, a closing shall be held at the principal office of the Trustee, or any other office mutually agreed upon. At the closing the Issuer and Trustee shall, upon acknowledgment of receipt of the sum set forth in subsection (4) above, execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines are necessary to terminate this Loan Agreement. All further obligations of the Borrower hereunder, except under Sections 7.4, 7.7, 7.8, 10.10, 10.11, 10.12, and 10.13 shall thereupon terminate, provided, however, that the Borrower shall also remain obligated to pay or reimburse the Issuer and Trustee for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with subsection (4) above and reasonably incurred before or subsequent to such closing in connection with the Subordinate Bonds.

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ARTICLE 9

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default. Any one or more of the following events is an Event of Default under this Loan Agreement, and the term “Event of Default,” wherever used herein, means any one of the following events, whatever the reason for such default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(1) if the Borrower shall fail to pay any Basic Payments on the date due under this Loan Agreement;

(2) if the Borrower shall fail to pay any Additional Charges on or before the date that the payment is due, and shall continue to be in arrears for thirty (30) days after mailing of a notice to it by the Issuer or the Trustee that said Additional Charges have not been received on the due date;

(3) if the Borrower shall fail to observe and perform or shall breach any other covenant, condition or agreement on its part under this Loan Agreement for a period of forty-five (45) days after mailing of a notice to it by the Issuer or the Trustee, stating that it is a “Notice of Default” hereunder and specifying such default or breach and requesting that it be remedied;

(4) 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 7.5 hereof);

(5) if any representation or warranty made by the Borrower herein, or by a general partner or Representative of the Borrower in any document or certificate furnished to the Trustee or the Issuer or the Underwriter 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; or

(6) if an event of default occurs and is continuing under the Indenture or any Related Loan Document, subject to applicable notice and cure periods.

The investor limited partner, administrative limited partner or class B limited partner in the Borrower shall have the right, but not the obligation, to cure Events of Default on behalf of the Borrower, and the Issuer and Trustee shall accept such cure as if it were made by the Borrower itself.

Section 9.2 Remedies. The following remedies are all subject to the terms of the Subordination Agreement.

(1) Whenever any Event of Default shall have happened and be subsisting the Trustee may by written notice to the Borrower, declare all the Basic Payments payable for the remainder of the Term of Loan Agreement (an amount equal to that necessary to pay in full all Outstanding Subordinate Bonds and the interest thereon assuming acceleration of the Subordinate Bonds under the Indenture 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. The provisions of this Section 9.2 do not limit the application of Section 9.1 hereof.

(2) Upon the occurrence of an Event of Default, but subject to the terms of the Subordination Agreement, the Trustee may also take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower, under this Loan Agreement, or any Collateral Documents, or to otherwise compensate the Issuer, Trustee or Bondholders for any damages on account of such Event of Default. The Subordination Agreement does not restrict the Trustee from proceeding to collect revenues derived from the TIF Note.

(3) The Issuer (without the prior written consent of the Trustee if the Trustee is not enforcing the Issuer's right in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer) may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights of indemnification under Section 7.4 and to collect all sums then due and thereafter to become due to the Issuer under Sections 3.2, 4.4, 7.4, 9.5, 10.11, 10.12, and 10.13 hereof. Notwithstanding the foregoing, the Issuer is not precluded from exercising any of its rights reserved to it as set forth in this Section, even if the Trustee is exercising the rights of the Issuer hereunder.

Section 9.3 Disposition of Funds. Any amounts collected pursuant to action taken under Section 9.2 hereof (other than sums collected for the Issuer on account of its rights to indemnification and certain direct payments to be made to the Issuer under Sections 3.2, 4.4, 7.4, 9.5, 10.8, 10.11, 10.12, and 10.13 hereof which sums shall be paid directly to the Issuer) shall be applied in accordance with the provisions of the Indenture.

Section 9.4 Nonexclusive Remedies. No remedy herein conferred upon or reserved to the Issuer or Trustee 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 Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of 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 Trustee) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

Section 9.5 Attorneys' Fees and Expenses. If an Event of Default shall exist under this Loan Agreement and the Issuer or Trustee should employ attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower will upon demand pay to the Issuer or Trustee the reasonable fees of such attorneys and such other expenses so incurred.

Section 9.6 Effect of Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and 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 9.7 Waiver of Stay or Extension. The Borrower covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this Loan Agreement, and the Borrower (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 9.8 Issuer May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or the property of the Borrower, the Trustee, or the Issuer with the prior consent of the Trustee, shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and Trustee (for themselves and on behalf of Bondholders) (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Trustee, their agents and counsel) allowed in such judicial proceeding; and

(2) to collect and receive any money or other property payable or deliverable on any such claims, and to distribute the same.

Section 9.9 Restoration of Positions. If the Issuer or Trustee have instituted any proceeding to enforce any right or remedy under this Loan Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Issuer or Trustee, then and in every such case the Borrower, Trustee and the Issuer shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer shall continue as though no such proceeding had been instituted.

Section 9.10 Suits to Protect the Project. If the Borrower shall fail to do so after thirty (30) days' prior written notice from the Issuer or Trustee, the Issuer shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Loan Agreement, and such suits and proceedings as the Issuer may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Bondholders.

Section 9.11 Performance by Third Parties. The Issuer may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to cure any Event of Default hereunder. The acceptance by the Issuer or the Trustee of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

Section 9.12 Exercise of the Issuer's Remedies by Trustee. Whenever any Event of Default shall have happened and be subsisting the Trustee may, but except as otherwise provided in the Indenture shall not be obliged to, exercise any or all of the rights of the Issuer under this Article 9, without notice to the Issuer.

Section 9.13 Limited Recourse. Notwithstanding any provision or obligation to the contrary set forth in this Loan Agreement, (1) the liability of the Borrower and any partner, trustee, director, officer, employee, or agent thereof (collectively, "Borrower Parties") under this Loan Agreement or the Subordinate Mortgage shall be limited to the Mortgaged Property or to such other security as may from time to time be given or have been given for payment of the Borrower's obligations under this Loan Agreement and Subordinate Bonds, and any judgment rendered against the Borrower Parties under this Loan Agreement or the Subordinate Mortgage and the Subordinate Bonds shall be limited to the Mortgaged Property and any other security so given for satisfaction thereof; and (2) no deficiency or other personal judgment nor any order or decree of specific performance shall be sought or rendered against the Borrower Parties, their successors, transferees or assigns, in any action or proceeding arising out of this

Loan Agreement, the Subordinate Mortgage, the Subordinate Bonds, or any judgment, order or decree rendered pursuant to any such action or proceeding, provided, however, that nothing in this Loan Agreement, the Subordinate Mortgage, or the Subordinate Bonds shall limit the Issuer's or Trustee's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or the Trustee, or both of them, or to exercise any right against the Borrower Parties or any other person or entity on account of any damage caused by fraud or intentional misrepresentation by the Borrower or any intentional damage of the property subject to the Subordinate Mortgage. Furthermore, the Borrower shall be fully liable for the misapplication of (a) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Trustee and/or the Issuer is named as insured, by reason of damage, loss or destruction to any portion of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (b) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards (c) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of a default under this Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds but prior to foreclosure, and (d) proceeds from the sale of all or any part of the property subject to the Subordinate Mortgage and any other proceeds that, under the terms hereof, should have been paid to the Issuer or the Trustee. Furthermore, the Borrower shall be fully liable for the breach of the Borrower's covenants contained in Sections 3.2, 4.4(1), (2) and (3), 7.4, 9.5, 10.8, 10.11, 10.12, and 10.13 of this Loan Agreement, provided, however, in no event shall the Borrower or any Borrower Parties be personally liable for payment of the principal of, premium, if any, or interest on the Subordinate Bonds. The limit on the Borrower's liability set forth in this paragraph shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the Borrower's obligations under this Loan Agreement or a release, in whole or in part, or an impairment of the lien and security interest of this Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds upon the properties described therein, or to preclude the Issuer or the Trustee from foreclosing the Subordinate Mortgage in case of any default or enforcing any other right of the Issuer or the Trustee, or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds.

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ARTICLE 10

GENERAL PROVISIONS

Section 10.1 Amounts Remaining in Funds. Except during the continuance of an Event of Default, any amounts remaining in the funds created under Article 5 of the Indenture upon expiration or earlier termination of this Loan Agreement, as provided herein, and after adequate provision has been made for payment in full of the Subordinate Bonds, in accordance with Article 7 of the Indenture, any Additional Charges payable to the Trustee and the Issuer, including Paying Agent's fees and expenses, and all other amounts required to be paid under this Loan Agreement and the Indenture, shall, forthwith be paid to the Borrower.

Section 10.2 Notices. All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer, the Borrower, and Trustee may, by written notice given by each of them 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 Loan 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 MINNETONKA, MINNESOTA
14600 Minnetonka Boulevard
Minnetonka, MN 55345-1502
Attn: Julie Wischnack, Community Development Director

To the Trustee: U.S. BANK NATIONAL ASSOCIATION
60 Livingston Avenue, Third Floor
EP-MN-WS3C
Saint Paul, MN 55107-2292
Attn: Corporate Trust Services

To the Borrower: MINNETONKA LEASED HOUSING ASSOCIATES III, LLLP
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, MN 55441-7400
Attn: Ryan Lunderby

With copies to:

WINTHROP & WEINSTINE, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
Attn: John M. Stern, Esq.

and:

CITIBANK, N.A.
388 Greenwich Street, Eighth Floor
New York, NY 10013
Attention: Mark Sherman

and:

NIXON PEABODY LLP
779 Ninth Street, NW, Suite 500
Washington, DC 20001-4501
Attention: Matthew W. Mullen, Esq.

and:

TCAM
186 Lincoln Street
Boston, MA 02111-2408
Attention: Jenny Netzer

Section 10.3 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and Borrower and their respective successors and assigns.

Section 10.4 Severability. In the event any provisions of this Loan 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 10.5 Amendments, Changes, and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of the Subordinate Bonds and before the lien of the Indenture is satisfied and discharged in accordance with its terms, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee.

Section 10.6 Execution Counterparts. This Loan 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 10.7 Required Approvals. Consents and approvals required by this Loan Agreement to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 10.8 Limitation on Issuer's Liability. No agreements or provisions contained in this Loan Agreement nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project shall give rise to any 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 Project and the application of revenues therefrom and the proceeds of the Subordinate Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Project or revenues therefrom or from proceeds of the Subordinate Bonds, and no execution of 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. Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the Project or its revenues.

Section 10.9 Representations of Borrower. All representations made in this Loan Agreement by the Borrower are based on the best of the Borrower's knowledge of the facts and law, and no such representations are made in reliance upon any representations made or legal advice given by the Issuer, its Bond Counsel, or any of its agents, officers or employees.

Section 10.10 Termination. At any time when no Subordinate Bonds remain Outstanding and arrangements satisfactory to the Issuer and Trustee have been made for the discharge of all liabilities under this Loan Agreement, this Loan Agreement shall terminate. All obligations of the Borrower under Sections 7.4, 7.7, 7.8, 10.11, 10.12, and 10.13 hereof shall survive termination of this Loan Agreement.

Section 10.11 Administrative Fees, Attorneys' Fees and Costs. The Borrower shall reimburse the Issuer, upon demand, for all 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 the Subordinate Bonds, the Indenture, this Loan 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 of Loan Agreement or thereafter; and (iv) 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, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

Section 10.12 Release. The Borrower hereby acknowledges and agrees that the Issuer, its officers, employees and agents shall not be liable to the Borrower, and hereby releases and discharges the Issuer, its officers, employees and agents 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 Issuer or the Borrower as a result of or relating to any action, or failure or refusal to act, on the part of the Trustee or any other party with respect to the Subordinate Bonds, the Indenture, this Loan Agreement, or the documents and transactions related hereto or thereto or contemplated hereby or thereby, including, without limitation, the exercise by the Trustee or any third party of any of its rights or remedies pursuant to any of such documents.

Section 10.13 Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer as a result of the Issuer's compliance with an audit or inquiry, random or otherwise, by the Internal Revenue Service, the Minnesota Department of Revenue, the Minnesota Office of the State Auditor, or any other governmental agency with respect to the Subordinate Bonds or the Project.

Section 10.14 Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement shall be as valid as an original signature of such party and shall be effective to bind

such party to this Loan Agreement. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

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IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Subordinate Loan Agreement to be executed by their duly authorized officers as of the date and year first written above.

CITY OF MINNETONKA, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

Execution page of the Borrower to the Subordinate Loan Agreement, dated as of the date and year first written above.

**MINNETONKA LEASED HOUSING
ASSOCIATES III, LLLP**, a Minnesota limited liability
limited partnership

By: Minnetonka Leased Housing Associates SPE III,
LLC, a Delaware limited liability company
Its: General Partner

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