

COLLATERAL ASSIGNMENT OF INTEREST IN TAX INCREMENT REVENUE NOTE

THIS COLLATERAL ASSIGNMENT OF INTEREST IN TAX INCREMENT REVENUE NOTE (“**Assignment**”) is made as of the _____ day of _____, 2025, by and between Grand Rapids Apartments LLC, a Minnesota limited liability company (hereinafter referred to as “**Assignor**” or “**Borrower**”), and Magnifi Financial Credit Union, a Minnesota credit union (hereinafter referred to as “**Lender**”).

RECITALS

Lender has provided a loan in the principal amount of Eight Million, Four Hundred Thousand Dollars (\$8,400,000.00) (the “**Loan**”), the proceeds of such purchase to be disbursed to Borrower to offset certain project costs in connection with the construction of an approximately 63-unit multifamily rental housing development to be located at 225 NE 2nd Street, Grand Rapids, in Itasca County, Minnesota (the “**Project**”). The terms of the Loan are more fully set forth in a Construction Loan Agreement by and between Borrower and Lender dated April 29, 2025, (the “**Loan Agreement**”). The Loan is secured by a Mortgage, Commercial Security Agreement, and Assignment of Rents (“**Security Documents**”) upon certain real property located in the City of Grand Rapids, County of Itasca, State of Minnesota, as more particularly described in the Security Documents (the “**Property**”), an Assignment of Deposit Account executed by the Borrower in favor of the Lender pledging the deposit account wherein the payments from the TIF Note are to be made (“**Pledge Agreement-Deposit Account**”), and this Assignment. The Commercial Loan Agreement, Security Documents and other collateral documents (along with any extensions, modifications or renewals thereof) described in or accompanying the Commercial Loan Agreement are hereinafter sometimes collectively referred to as the “**Loan Documents**”. Unless otherwise defined herein, terms are used herein with the same meanings as defined in the Loan Documents. In the event of any conflict between the terms hereof and the Loan Documents, the terms and conditions of the Loan Documents shall control. As a condition to granting the Loan, Lender has requested Borrower to cause the execution and delivery of this Assignment.

NOW, THEREFORE, in consideration of the Loan and intending to be legally bound, Assignor does hereby covenant, agree, warrant, represent, assign, set over and transfer, to the extent assignable and transferable, as set forth herein:

1. A Taxable Tax Increment Revenue Note in connection with the Property that will be issued after the date hereof and pursuant to the terms of a Purchase and Development Agreement by and between the City of Grand Rapids, Minnesota (the “**City**”), the Grand Rapids Economic Development Authority, and Borrower dated August 22, 2024 (the “**TIF Agreement**”), by the City in favor of Borrower, in the aggregate principal not to exceed \$[1,328,254.00] (the “**TIF Note**”) shall be the subject of this Assignment. On or after the issuance date of the TIF Note, Borrower shall promptly deliver the original of the TIF Note to the Lender.
2. Assignor hereby assigns, transfers and sets over unto Lender all of its current and future right, title and interest, if any, in and to the TIF Note and all rights and benefits therefrom, including without limitation rights to payments as set forth in Section 3 below, as security for the

full, timely and faithful repayment by the Borrower of the Loan, and performance by the Borrower of its obligations under the Loan Documents. As further security to the Lender, Assignor hereby assigns, transfers and sets over onto Lender, a first security interest in all of its right, title and interest in the TIF Note, as security for the full, timely and faithful repayment by the Borrower of the Loan, and performance by Borrower of its obligations under the Loan Documents. Borrower hereby agrees to execute such additional documentation as required by Lender in order to give full force and effect to such assignment to Lender of the TIF Note.

3. After the occurrence and during the continuation of an Event of Default, as defined in the Loan Agreement, and continuing until the Loan is paid in full or [May 15, 2040], or as extended as agreed upon between Lender and Borrower (the “**Maturity Date**”) or payment in full of the TIF Note, whichever shall first occur, the Lender shall be entitled to receive all payments made by the City under the TIF Note; provided, however that the Lender shall have provided: (i) written notice thereof to the City with instructions for making payment to the Lender; (ii) an executed investment letter in a form acceptable to the City; and (iii) the original TIF Note for re-registration to the Lender. Lender shall automatically be authorized to apply monies from the payments under the TIF Note against the Loan as and when due pursuant to the terms of the Loan. The affidavit or written statement of an officer, agent or attorney of Lender stating that Lender is exercising its right to payments under the TIF Loan or this Assignment shall constitute conclusive evidence thereof, and the City or other persons are authorized and directed to rely thereon. The Assignor hereby irrevocably directs and authorizes the City to pay, upon written direction from the Lender to do so, directly and exclusively to the Lender or its assigns all sums due under the TIF Note, subject to the terms thereof, and Assignor hereby irrevocably authorizes and directs the City to recognize the claims of the Lender without investigating the reason for any action taken or the validity of or the amount of indebtedness owing to the Lender or the existence of any Event of Default; and to the extent such sums are paid to the Lender, the Assignor agrees that the City shall have no further liability to the Assignor for the same. The sole receipt by the Lender of any sum paid by the City shall be in discharge and release of that portion of any amount owed by the City. The Lender acknowledges that the City’s rights and remedies against the Assignor under the TIF Agreement are unaffected by this Assignment.

4. Assignor agrees to faithfully observe and perform all of the obligations and agreements imposed upon it under the TIF Note and TIF Agreement, subject to Assignor’s right to reasonably contest observance/performance.

5. Lender will not be deemed in any manner to have assumed any of the obligations related to the TIF Note or the TIF Agreement, nor shall Lender be liable to the City by reason of any default by any party under the TIF Note or the TIF Agreement. Borrower agrees to indemnify and to hold Lender harmless of and from any and all liability, loss or damage which it may or might incur by reason of any claims or demands against it based on its alleged assumption of Assignor’s duty and obligation to perform and discharge the terms, covenants and agreements in the TIF Note or TIF Agreement.

6. After the occurrence of an Event of Default (as defined in the Loan Documents):

a. Lender may elect to exercise any and all of Assignor’s rights and remedies under the TIF Note or such rights assigned hereunder to Lender under the TIF Agreement

regarding the TIF Note, without any interference or objection from Assignor, and Assignor shall cooperate in causing the City to comply with all the terms and conditions of the TIF Note or the TIF Agreement.

b. Lender may exercise Assignor's rights under the TIF Note or such rights assigned hereunder to Lender under the TIF Agreement regarding the TIF Note, and perform all acts in the same manner and to the same extent as Assignor might do. In connection with any and all of the foregoing powers, and without limiting the same, Lender may amend the terms of (subject to approval by the City) and make concessions to the City.

c. Lender may exercise any remedies provided to it in the Loan Documents.

7. All of the foregoing powers herein granted to Lender shall be liberally construed. Lender need not expend its own funds in the exercise of such power, but if it does, such amounts shall be considered as advances for and on behalf of Borrower secured by this Assignment and evidenced by the Loan and secured by other Loan Documents. Any amounts so advanced shall bear interest at then current rate prescribed in the Loan.

8. Nothing herein contained shall be construed as constituting a waiver or suspension by Lender of its right to enforce payment of the debts under the terms of the Loan, or Loan Documents. Lender is not the agent, partner or joint venturer of the Borrower, the Assignor, any Guarantor or the City.

9. This Assignment may be enforced from time to time by Lender at its discretion, with or without order of any court, as Lender shall determine. Lender may also, at any time, cease to enforce this Assignment. Any failure on the part of the Lender promptly to exercise any option hereby given or reserved shall not prevent the exercise of any such option at any time thereafter. Lender may pursue and enforce any remedy or remedies accorded it herein independently of, in conjunction or concurrently with, or subsequent to its pursuit and enforcement of any remedy or remedies which it may have under the Loan and/or Loan Documents.

10. Assignor warrants and represents to Lender that:

a. It has the right to exercise and deliver this Assignment. The execution of this Assignment and performance and observance of its terms hereof have been duly authorized by necessary company action and do not contravene or violate any provision of Assignor's organizational documents.

b. the outstanding principal balance on the TIF Note as of the date of issuance up to \$[1,328,254.00], together with interest at the Developer's actual rate of financing per annum from and after the date of issuance.

c. It has made no prior assignments of the TIF Note.

d. To Assignor's knowledge, the TIF Agreement is in full force and effect on the date hereof, subject to no defenses, setoffs or counterclaims whatsoever.

e. To Assignor's knowledge, there exists no event, condition or occurrence which constitutes, or which with notice and/or the passage of time would constitute, a breach of or default under any terms or conditions of any of the TIF Note or the TIF Agreement. Assignor also hereby covenants and agrees not to do any act which would destroy or impair the security to the Lender of this Assignment.

f. Assignor has filed all tax returns required to be filed and either paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings, and Assignor has no knowledge of any objections or claims for additional taxes in respect to federal tax or excise profit tax returns for prior years.

11. When the context so requires, the singular shall include the plural and conversely, and use of any gender shall include all genders.

12. This Assignment shall be governed by and be construed in accordance with the laws of the State of Minnesota. Whenever possible, each provision of this Assignment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Assignment shall be prohibited by or be invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Assignment.

13. Any notices required or contemplated hereunder shall be effective upon two (2) business days after placing thereof in the United States mail, certified mail and with return receipt requested, postage prepaid, and addressed as follows:

If to Assignor:	Grand Rapids Apartments LLC 3155 Pioneer Road Se Alexandria, MN 56308
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If to Lender:	Chad Hess Magnifi Financial Credit Union 20 4 th Avenue SE Melrose, MN 56352
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or to such other address specified in writing by one party to the other upon ten (10) days advance written notice in accordance herewith.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed as of the day and year first above written.

Grand Rapids Apartments LLC,
a Minnesota limited liability company

By: _____

Its: _____

**CONSENT TO ASSIGNMENT OF PAYMENTS UNDER
TAX INCREMENT REVENUE NOTE**

The City of Grand Rapids, Minnesota (the “**the City**”), will issue its Taxable Tax Increment Revenue Note in the maximum principal amount of \$[1,328,254.00] (the “**TIF Note**”) pursuant to a Purchase and Development Agreement, by and between the City, the Grand Rapids Economic Development Authority, and Grand Rapids Apartments LLC, a Minnesota limited liability company (“**The Borrower**”), dated August 22, 2024, (the “**TIF Agreement**”) upon the satisfaction of the conditions set forth thereof. The City has received a Collateral Assignment of Interest in Revenue Note which assigns as collateral to Magnifi Financial Credit Union, a Minnesota Credit Union (“**Lender**”), all the Borrower’s interests in the payments of Tax Increments (as defined in the TIF Agreement) under the TIF Note. The issuance of the TIF Note is contingent on the conditions set forth in the TIF Agreement, including without limitation the City receiving evidence of eligible costs to be reimbursed by Available Tax Increments (as defined in the TIF Agreement) in the amount of up to \$1,328,254.00. The City consents to such assignment pursuant to the terms of the TIF Note.

Upon notification of an event of default by Lender, the delivery of the original TIF Note to the City for re-registration, and the delivery of an investment letter in a form satisfactory to the City from Lender, the City shall make all payments under the TIF Note to Lender at the following address:

Magnifi Financial Credit Union
20 4th Avenue SE
Melrose, MN 56352

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By: _____
Tasha Connelly
Its: Mayor

By: _____
Tom Pagel
Its: City Administrator