



DISBURSEMENT AGREEMENT

THIS DISBURSEMENT AGREEMENT ("Agreement") is made this 13th day of February, 2025, by and Among 323 NE, LLC, with an address located at 214 N Pokegama Ave, Grand Rapids, MN 55744 ("Borrower"), , with an address located at ("Contractor"), Park State Bank, a banking corporation with its principal officers located at 117 Central Avenue, Nashwauk, MN 55769 ("Lender"), and Grand Rapids Economic Development Authority ("EDA") and SMB Enterprises, LLC dba Midland Title with its principal offices located at 7760 France Avenue So. , Suite 140, Bloomington, MN 55435 ("Disbursement Agent").

RECITALS:

WHEREAS, Lender requests that Disbursing Agent disburse funds for construction on certain real property owned by Borrower and legally described on Exhibit A attached hereto, with the address of 210 North Pokegama Avenue, Grand Rapids, MN 55744 ("Premises"); and

WHEREAS, the disbursed sum will be \$ 504,171.61 for certain construction on the Premises ("Loan Funds"); and

WHEREAS, Construction funds, which include EDA funds of \$90,000.00 over the Lender monies of \$504,171.61 shall be held in escrow with Midland Title in the total amount of \$594,171.61.

WHEREAS, the parties desire that the Loan Funds and EDA Funds be disbursed according to this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereby agree as follows:

Disbursement Procedure

- (1) Prior to the Lender advancing any funds Borrower shall comply (the adequacy of which compliance shall be in the sole discretion of the Lender) with the following:
 - (a) Contractor to provide a sworn cost statement to Lender and Disbursing Agent itemizing expenses to be incurred in connection with the construction, which sworn cost statement shall list the names and addresses of the subcontractors and suppliers providing labor and material, together with the amounts of their contract bids.
 - (b) Contractor to provide a Draw Request to the Lender and Disbursing Agent five (5) days prior to the time an advance is desired which shall be no more often than once monthly. Each Draw Request shall:
 - (A) Be in writing and in form and substance satisfactory to the Lender and Disbursing Agent;
 - (B) Accompanied by changes, if any, in all sworn cost statements provided to the Lender and Disbursing Agent;
 - (C) Accompanied by such evidence of lien waivers as may be required by the Lender and Disbursing Agent;
 - (D) Accompanied by such certification of inspection as may be required by the Lender and Disbursing Agent;
 - (E) Accompanied by current invoices for the costs incurred for which the Draw Request is submitted.
 - (c) Contractor to provide to the Lender and Disbursing Agent certification of amounts paid or to be currently payable by Borrower for costs related to the construction of the Mortgaged Premises;
 - (d) Obtain approval in writing for all costs for which a Draw Request is submitted by an inspector of the Lender's choosing;
 - (e) Obtain Lender approval for all loan and carrying charges.

- (2) Upon Borrower and Contractor complying, in the sole discretion of the Lender and Disbursing Agent, with all of the above conditions, the Lender shall disburse to Disbursing Agent on behalf of the Borrower the funds requested in the Draw Request. NOTE: Lender requires EDA funds to be first applied to draws then Lender shall disburse funds.
- (3) Upon receipt of funds from the Lender for disbursement to the Borrower and/or Contractor, the Disbursing agent shall disburse all funds advanced to it under this Agreement to Borrower, or other person or entity in payment of project costs due and owing, in such a manner as the Disbursing Agent, in its sole discretion, shall deem necessary to perform its obligations under this Agreement.
- (4) The Disbursing Agent shall not disburse any advance hereunder unless it shall insure the priority of the lien of the Mortgage against all other liens, including but not limited to claims for mechanic's liens, against the Premises. Within three (3) business days of the date of each disbursement, the Disbursing Agent shall deliver to the Lender such written documents, if any, as may be necessary to confirm the Disbursing Agent's commitment to insure the priority of the lien of the Mortgage against all liens and any changes in the status of the title shown in the original commitment or binder issued by the Disbursing Agent unless waived by the Lender.
- (5) The Borrower and/or Contractor shall have delivered to the Lender and Disbursing Agent a written lien waiver from each subcontractor for work done and materials supplied by such subcontractor which were paid pursuant to the immediately preceding Draw Request, as required by the Lender.
- (6) The following events shall be conditions precedent to the final advance under this Agreement:
 - (a) The Construction shall have been completed in substantial accordance with the terms of this Agreement, as evidenced by written certification of substantial completion by the Borrower and the satisfactory final inspection thereof by an inspector of the Lender's choosing.
 - (b) All of the other terms, conditions and requirements of this Agreement shall have been satisfied.
- (7) Disbursing Agent's fees shall be One Hundred Fifty And No/100 Dollars (\$150.00) per Draw Request plus any reasonable costs incurred pursuant to each Draw Request.
- (8) All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors, heirs and assigns of the parties hereto.
- (9) This Agreement is being executed in and is intended to be performed in the State of Minnesota, and shall be construed and enforced in accordance with the laws of such state.
- (10) This instrument contains the entire agreement between the parties, with respect to the covenants and promises contemplated herein, and may be amended only in writing, signed by the parties.
- (11) All notices herein required shall be in writing and shall be considered given and delivered personally or mailed by certified or express mail, postage pre-paid, to the party to whom notice is to be given at the addresses set forth below.
- (12) This instrument may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument.
- (13) If any of the terms hereof prove to be invalid or unenforceable under any of the laws of the State of Minnesota, said invalidity or unenforceability shall not affect the validity or enforceability of any of the other provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first written above.

BORROWER:

323 NE, LLC

BY: _____
Rapids Brewing Company, LLC , Member
William Martinetto
Chief Manager

LENDER:

Park State Bank

BY: _____

ATTEST:

DISBURSING AGENT:

SMB ENTERPRISES, LLC DBA MIDLAND TITLE

By: _____
Lori Flint
Its: Closer

EDA:

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

Its: _____

CONTRACTOR

By: _____

Print Name
Its: _____