

COLLATERAL ASSIGNMENT OF TIF NOTE

THIS COLLATERAL ASSIGNMENT OF TIF NOTE (this "Assignment") is entered into as of the day of December, 2021, by Rum River Residential Suites, LLC, a Minnesota limited liability company, and Rum River Capital, LLC, a Minnesota limited liability company (jointly and severally, the "Assignor") in favor of First Bank and Trust (the "Bank").

WITNESSETH:

WHEREAS, Bank has agreed to extend, and may in the future agree to extend, financial accommodations to Assignor, in an amount not to exceed Twelve Million and 00/100 Dollars (\$12,000,000.00) (the "Loan"), which Loan is evidenced and secured by that certain Loan Agreement by and between Bank and Borrower dated December 15, 2021 (the "Agreement"), and by the other agreements, instruments and documents referred to therein or delivered in connection therewith, as the same may be amended, renewed or supplemented from time to time (collectively with the Agreement, the "Loan Documents");

WHEREAS, Assignor shall be the payee under the certain Tax Increment Revenue Note (Briggs Apartment Project – Phase 1) and Tax Increment Revenue Note (Briggs Apartment Project – Phase 2) issued by the City of Princeton (the "City") pursuant to the certain Amended and Restated Development Agreement (Briggs Apartments Project – Phase 1) and Amended and Restated Development Agreement (Briggs Apartments Project – Phase 2) (together, the "Development Agreement"), in the original principal amount of \$2,073,318 (Phase 1) and \$1,844,967 (Phase 2) (together the "Note");

WHEREAS, as a condition to its willingness to extend financial accommodations to Assignor under the Loan Documents, Bank requires that Assignor assign its rights under the Note to Bank as collateral security for the Obligations (as hereinafter defined) by entering into this Assignment;

NOW, THEREFORE, Assignor, in consideration of Bank's extension of the Loan and for other good and valuable consideration, and intending to be legally bound, hereby covenants in favor of Bank and agrees as follows:

1. Assignment. Assignor hereby grants, transfers and assigns unto Bank, its successors and assigns, a lien upon and a security interest in the Note, together with any and all amendments, extensions, modifications, supplements, and all rights of Assignor therein, as security for repayment of the Loan and the payment and performance of all of Borrower's obligations under the Loan Documents and any amendments, extensions, renewals and increases of or to any of the foregoing, and all costs and expenses of Bank incurred in the documentation, negotiation, modification, enforcement, collection and otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses (hereinafter referred to collectively as the "Obligations"). Assignor agrees that Bank shall have the rights stated in this Assignment with respect to the Note, in addition to the other rights which Bank may have by law. Notwithstanding anything herein to the contrary, Bank acknowledges and agrees, by its acceptance of this Assignment, that the City (a) has no obligation to make payments under the Note if (i) any Event of Default as defined in the Development Agreement has occurred and is

continuing, or (ii) the City has canceled or rescinded the Note pursuant to Section 4.2 of the Development Agreement.

2. Performance by Assignor. Assignor agrees to faithfully abide by, perform and discharge each and every obligation of the Note that is to be performed by Assignor. Assignor shall use its best efforts to enforce or secure the performance of each and every term of the Note. Provided that Bank has not exercised its power and right to collect payments pursuant to Section 7 hereof, Assignor shall be entitled to receive all scheduled payments of principal and interest under the Note. Assignor shall not retain any prepayments of the Note which it receives without Bank's prior written consent. Assignor agrees to provide prompt written notice to Bank of the occurrence or existence of any default by any party to the Note.

3. Power to Modify the Note. Assignor hereby expressly releases, relinquishes and surrenders all of Assignor's right, power and authority to amend, modify, release, terminate or in any way alter the Note without Bank's prior written consent, and any attempt on the part of Assignor to exercise any such right, power or authority without Bank's prior written consent shall constitute a default hereunder.

4. Bank Not Obligated to Perform. This Assignment is given only as collateral security, and Bank shall not be obligated to perform or discharge any obligation or liability of Assignor under the Note prior to enforcement of its rights under this Assignment. No payment, action or inaction of Bank under or in connection with the Note shall in any manner release Assignor from its obligations under this Assignment or the Obligations. Assignor, for itself and its successors and assigns, waives and releases any claims it may have against the City for any payments that the City makes to Bank pursuant to the provisions of the attached Consent to Collateral Assignment of TIF Note and that are based on a representation by Bank that it has foreclosed its security interest in the Note and is the holder of the Note.

5. Indemnity. Assignor agrees to indemnify each of Bank, each legal entity, if any, who controls Bank and each of their respective directors, officers and employees (the "Indemnified Parties"), and to hold each Indemnified Party harmless from and against, any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur, or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of Assignor), in connection with or arising out of or relating to the Note or arising out of or by reason of this Assignment, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by Assignor, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Assignment, payment of any Loan and assignment of any rights hereunder. Assignor may participate at its expense in the defense of any such action or claim.

6. Events of Default. If any of the following occur (each an "Event of Default"): (i) any Event of Default (as defined in any of the Obligations); (ii) any default under any of the Obligations that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided in such Obligations with respect to such default; (iii) demand by Bank under any of the Obligations that have a demand feature; (iv) the failure by Assignor to perform any of its obligations under this Assignment; (v) the falsity, inaccuracy or material breach by Assignor of any written warranty, representation or statement made or furnished to Bank by or on behalf of Assignor; or (vi) the occurrence of any default or Event of Default by Assignor under the Note; then, and at any time thereafter, (a) Bank may declare all Obligations secured hereby immediately due and payable, without demand or notice to Assignor, (b) Bank shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the Uniform Commercial Code as the same may be amended from time to time, and (c) Bank may, at its election and in addition to all other remedies, declare this Assignment to be absolute and not merely a collateral assignment, and thereupon this Assignment shall become and be absolute and in full force and effect.

7. Power of Attorney. Assignor hereby irrevocably constitutes and appoints Bank and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Assignor or in its name, from time to time in Bank's discretion for the purpose of carrying out the terms of this Assignment, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Assignment and, without limiting the generality of the foregoing, Assignor hereby gives Bank the power and right on behalf of Assignor, either before or after an Event of Default, and without notice to or assent by Assignor, to do the following:

- (i) to receive payment of, endorse, and receipt for, any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of the Note;
- (ii) to commence and prosecute any suits, actions or proceeding at law or in equity in any court of competent jurisdiction to collect any amounts due under the Note and to enforce any other right in respect of the Note;
- (iii) to settle, compromise or adjust any suit, action or proceeding described above, and, in connection therewith, to give such discharges or releases as Bank may deem appropriate;
- (iv) to negotiate with, enter into further agreements with, and otherwise deal with the City, as payor under the Note, with respect to the Note and the subject matter thereof; and
- (v) to do at any time, or from time to time, all acts and things which Bank deems necessary to protect or preserve the Note and Bank's security interest and rights therein in order to effect the intent of this Assignment, all as fully and effectively as Assignor might do.

Assignor hereby ratifies all that such attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest, will be irrevocable and shall terminate only upon indefeasible payment in full of the Obligations and the termination of this Assignment. The powers conferred upon Bank hereunder are solely to protect Bank's interests in the Note and will not impose any duty upon it to exercise any such powers. Bank will be accountable only for amounts that it actually receives as a result of the exercise of such powers.

8. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("Notices") must be in writing and will be effective upon receipt. Notices may be given in any manner to which the parties may separately agree, including electronic mail. Without limiting the foregoing, first-class mail, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. Regardless of the manner in which provided, Notices may be sent to a party's address as any party may give to the other for such purpose in accordance with this section.

9. Preservation of Rights. No delay or omission on Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Bank's action or inaction impair any such right or power. Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Bank may have under other agreements, at law or in equity.

10. Illegality. If any provision contained in this Assignment should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Assignment.

11. Changes in Writing. No modification, amendment or waiver of, or consent to any departure by Assignor from, any provision of this Assignment will be effective unless made in a writing signed by Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Assignor will entitle Assignor to any other or further notice or demand in the same, similar or other circumstance.

12. Successors and Assigns. This Assignment will be binding upon and inure to the benefit of Assignor and Bank and their respective successors and assigns; provided, however, that Assignor may not assign this Assignment in whole or in part without Bank's prior written consent and Bank at any time may assign this Assignment in whole or in part.

13. Interpretation. In this Assignment, unless Bank and Assignor otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Assignment; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Assignment. Section headings in this

Assignment are included for convenience of reference only and shall not constitute a part of this Assignment for any other purpose.

14. Defeasance. Upon payment in full of the Obligations and termination of the other Loan Documents, this Assignment shall become null and void and of no force and effect.

15. Governing Law and Jurisdiction. This Assignment has been delivered to and accepted by Bank and will be deemed to be made in the State where Bank's office indicated above is located. THIS ASSIGNMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF ASSIGNOR AND BANK DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. Assignor hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where Bank's office indicated above is located; provided that nothing contained in this Assignment will prevent Bank from bringing any action, enforcing any award or judgment or exercising any rights against Assignor individually, against any security or against any property of Assignor within any other county, state or other foreign or domestic jurisdiction. Assignor acknowledges and agrees that the venue provided above is the most convenient forum for both Bank and Assignor. Assignor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Assignment.

16. WAIVER OF JURY TRIAL. EACH OF ASSIGNOR AND BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS ASSIGNMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS ASSIGNMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. ASSIGNOR ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

Assignor acknowledges that it has read and understood all the provisions of this Assignment, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor has executed this Collateral Assignment of TIF Note as of the date and year first set forth above.

"ASSIGNOR"

RUM RIVER RESIDENTIAL SUITES, LLC,
a Minnesota limited liability company

By: _____

Name: Jeff Kraemer

Title: President

and

RUM RIVER CAPITAL, LLC,
a Minnesota limited liability company

By: _____

Name: Pat Briggs

Title: President

CONSENT TO COLLATERAL ASSIGNMENT OF TIF NOTE

The undersigned, City of Princeton, Minnesota, hereby consents to the collateral assignment of all of Assignor's rights under the Note (as defined in the attached Collateral Assignment of TIF Note) to First Bank and Trust (the "Bank") pursuant to the terms of the Assignment executed by Assignor in favor of Bank. WITNESS the due execution hereof as a document under seal, with the intent to be legally bound, this __ day of December, 2021.

CITY OF PRINCETON, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Administrator