

ASSIGNMENT AND ASSUMPTION OF NORTHFIELD EDA LOAN DOCUMENTS

This Assignment and Assumption of Northfield EDA Loan Agreement and Supporting Documents (“Assignment”) is entered into effective as of _____, 2019 by and between **The Family Residence, LLC** a Minnesota limited liability company (“Assignor”) and **Prairie View Holdings, LLC**, a Minnesota limited liability company (“Assignee”) which has as its address 1006 Prairie View Ct., Northfield, Minnesota 55057.

RECITALS

A. Assignor and the City of Northfield Economic Development Authority, a public corporation and political subdivision of the State of Minnesota (“EDA”) entered into a Revolving Loan Fund Loan Agreement (the “Loan Agreement”) dated October 26, 2018 relating to EDA financing of construction and start-up of a residential care home for seniors with memory care needs on that certain real property located in the City of Northfield, Rice County, Minnesota, described as follows (the “Mortgaged Property”):

Lot 1, Block 1, Locust Development Third Addition, Rice County, Minnesota.

B. In addition to entering into the Loan Agreement, the Assignor executed the following supporting documents (collectively referred to as the “Supporting Loan Documents”):

1. Mortgage Deed (the “Mortgage Deed”) dated October 26, 2018 and recorded on October 26, 2018 as Document No. A711435 in the offices of the Rice County Recorder/Registrar.
2. Borrower’s Affidavit (the “Borrower’s Affidavit”) dated October 26, 2018.
3. Promissory Note (the “Promissory Note”) dated October 26, 2018.

C. Assignor desires to assign and Assignee desires to accept and assume all of the rights, duties and obligations of Assignor as the “Mortgagor” under the Loan Agreement and Supporting Loan Documents.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Assignor and Assignee agree as follows:

1. Assignor assigns to Assignee all of Assignor’s rights, duties, obligations, title and interest in, to and under the Loan Agreement and Supporting Loan Documents.
2. Assignee accepts the foregoing assignment and agrees to be bound by all of the terms, covenants, and conditions of the Loan Agreement and Supporting Loan Documents and

assume and perform the duties, obligations and liabilities of Assignor under the Loan Agreement and Supporting Loan Documents.

3. Assignee agrees to execute and record the modified mortgage deed (the “**Modified Mortgage**”) attached hereto as **Exhibit A**.

4. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. This Assignment is made in and shall be construed in accordance with the laws of the State of Minnesota.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR

THE FAMILY RESIDENCE, LLC, a
Minnesota limited liability company

By: _____
Kari Elliason, Its President

By: _____
David Elliason, Its Vice President

STATE OF MINNESOTA)
)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2019, by Kari Elliason and David Elliason, the President and Vice President, respectively, of The Family Residence, LLC, a Minnesota limited liability company, on behalf of said company.

Notary Public

ASSIGNEE

PRAIRIE VIEW HOLDINGS, LLC, a
Minnesota limited liability company

By: _____
Kari Elliason, Its President

By: _____
David Elliason, Its Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by Kari Elliason and David Elliason, the President and Vice President, respectively, of Prairie View Holdings, LLC, a Minnesota limited liability company, on behalf of said company.

Notary Public

CONSENT AND RELEASE OF CITY OF NORTHFIELD EDA

The City of Northfield Economic Development Authority hereby; (i) consents to and approves this Assignment as set forth above, (ii) agrees to accept the performance of the rights, duties, obligations and liabilities of Assignor under the Loan Agreement and Supporting Loan Documents from Assignee, and (iii) releases The Family Residence, LLC from all obligations under the Loan Agreement and Supporting Loan Documents.

**CITY OF NORTHFIELD ECONOMIC
DEVELOPMENT AUTHORITY**, a public
corporation and political subdivision of the
State of Minnesota

By: _____
Andrew Ehrmann, Its President

By: _____
Mike Strobel, Its Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by Andrew Ehrmann and Mike Strobel, the President and Vice President, respectively, of the City of Northfield Economic Development Authority, a public corporation and political subdivision of the State of Minnesota, on behalf of said corporation.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

FLAHERTY & HOOD, P.A.
Northfield City Attorneys
525 Park Street, Suite 470
Saint Paul, MN 55103
(651) 225-8840

EXHIBIT A

Modified Mortgage

MORTGAGE DEED

MORTGAGE REGISTRY TAX DUE HEREON: \$115.00

THIS INDENTURE is made this _____ day of _____, 2019, between Prairie View Holdings, LLC, a Minnesota Limited Liability Company, 1006 Prairie View Ct., Northfield, Minnesota, 55057, Mortgagor, and the City of Northfield Economic Development Authority, a public corporation and political subdivision of the State of Minnesota, Mortgagee.

WITNESSETH, that the said Mortgagor, in consideration of the Mortgagee's consent to that certain Assignment and Assumption Agreement between Mortgagor and The Family Residence, LLC dated _____, 2019, and for the sums loaned by Mortgagee pursuant to the loan agreement that is the subject of said Assignment and Assumption Agreement, does hereby convey unto Mortgagee, forever, real property located at 2501 Jefferson Road, in the City of Northfield, Rice County, Minnesota, 55057, described as follows:

Lot 1, Block 1, Locust Development Third Addition, Rice County, Minnesota

TO HAVE AND TO HOLD THE SAME, to Mortgagee forever. The Mortgagor covenants with Mortgagee as follows: That Mortgagor is lawfully seized of the Property and has good right to convey the same; that the Property is free from all encumbrances, except as follows: a first mortgage in the amount of \$600,000.00, granted by Prairie View Holdings, LLC, a Minnesota limited liability company, as Mortgagor in favor of First National Bank, a Minnesota banking corporation, as Mortgagee, dated _____, 2019, and recorded on _____, 2019 as Document No. _____ in the offices of the _____ County Recorder/Registrar, and further subject to a second mortgage upon the Property in the amount of \$360,000.00, granted by Prairie View Holdings, LLC, a Minnesota limited liability company, as Mortgagor in favor of the Small Business Administration, a United States government agency, as Mortgagee, dated _____, 2019, and recorded on _____, 2019 as Document No. _____ in the offices of the _____ County Recorder/Registrar; that Mortgagee shall quietly enjoy and possess the same; and that Mortgagor will Warrant and Defend the title to the same against all lawful claims not hereinbefore specifically excepted.

UPON THE EXECUTION AND RECORDING OF THIS MORTGAGE, this mortgage shall supersede and replace the mortgage deed granted by The Family Residence, LLC, a Minnesota limited liability company, as Mortgagor in favor of the City of Northfield Economic Development Authority, a public corporation and political subdivision of the State of Minnesota, as Mortgagee, dated October 26, 2018, and recorded on October 26, 2018 as Document No. A711435 in the offices of the Rice County Recorder/Registrar.

PROVIDED, NEVERTHELESS, that if The Family Residence, LLC and/or Mortgagor shall pay to Mortgagee the sum of Fifty Thousand and 00/100 (\$50,000.00) Dollars, according to the terms of a promissory note executed by The Family Residence on October 26, 2018 and assigned to Mortgagor on _____,

2019, (the Note), on terms as provided in the Note, and shall repay to the Mortgagee, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, in payment of taxes on the Property and assessments payable herewith, insurance premiums covering buildings thereon, principal or interest on any prior liens, expenses and attorney's fees herein provided for and sums advanced for any other purpose authorized herein, and shall keep and perform all the covenants and agreements herein contained, then this Mortgage to be null and void, and shall be released at the Mortgagor's expense.

AND THE MORTGAGOR covenants with the Mortgagee as follows:

1. to pay the principal sum of money as specified in the Note;
2. to pay all taxes and assessments now due or that may hereafter become liens against the Property before penalty attaches thereto;
3. to keep all buildings, improvements and fixtures now or later located on or a part of the property insured against loss by fire, extended coverage perils, vandalism, malicious mischief and, if applicable, steam boiler explosion, for at least the amount of **full insurable value** at all times while any amount remains unpaid under this Mortgage. If any of the buildings, improvements or fixtures are located in a federally designated flood prone area, and if flood insurance is available for that area, Mortgagor shall procure and maintain flood insurance in amounts reasonably satisfactory to Mortgagee. Each insurance policy shall contain a loss payable clause in favor of Mortgagee affording all rights and privileges customarily provided under the so-called standard mortgage clause. In the event of damage to the Property by fire or other casualty, Mortgagor shall promptly give notice of such damage to Mortgagee and the insurance company. The insurance shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to Mortgagee. The insurance policies shall provide for not less than ten days written notice to Mortgagee before cancellation, non-renewal, termination, or change in coverage, and Mortgagor shall deliver to Mortgagee a duplicate original or certificate of such insurance policies;
4. to pay, when due, both principal and interest of all prior liens or encumbrances, if any, and to keep the Property free and clear of all other prior liens or encumbrances;
5. to commit or permit no waste on the Property and to keep it in good repair;
6. to complete forthwith any improvements which may hereafter be under course of construction on the Property; and
7. to pay any other expenses and attorney's fees incurred by Mortgagee by reason of litigation with any third party for the protection of the lien of this Mortgage.

In case of failure to pay said taxes and assessments, prior liens or encumbrances, expenses and attorney's fees as above specified, or to insure said buildings, improvements and fixtures and deliver the policies as aforesaid, the Mortgagee may pay such taxes, assessments, prior liens, expenses and attorney's fees and interest thereon, or obtain such insurance, and the sums so paid shall bear interest of seven (7%) percent per annum from the date of such payment, and shall be impressed as an additional lien upon the Property and be immediately due and payable from Mortgagor to Mortgagee and this Mortgage shall from date thereof secure the repayment of such advances with interest.

In case of default in any of the foregoing covenants, Mortgagor confers upon the Mortgagee the option of declaring the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and hereby authorizes and empowers Mortgagee to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the moneys arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorney's fee permitted by law, which costs, charges and fees Mortgagor agrees to pay.

The terms of this Mortgage shall run with the Property and bind the parties hereto and their successors in interest.

In Testimony Whereof, Mortgagor has hereunto set their hands the day and year first above written.

MORTGAGOR: PRAIRIE VIEW HOLDINGS, LLC

Date: _____

By: Kari Elliason, President

Date: _____

By: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by Kari Elliason, President, and David Elliason, Vice President, of Prairie View Holdings, LLC, on behalf of the limited liability company and pursuant to the authority granted by its board of governors.

NOTARY PUBLIC

THIS INSTRUMENT WAS DRAFTED BY:

FLAHERTY & HOOD, P.A.
Northfield City Attorneys
525 Park Street, Suite 470
Saint Paul, MN 55103
(651) 225-8840

FAILURE TO RECORD OR FILE THIS MORTGAGE
MAY AFFECT PRIORITY OF THIS MORTGAGE