

COLLATERAL ASSIGNMENT

(Maple Brook – Development Agreement and Taxable Tax Increment Revenue Note)

This collateral assignment is dated July ____, 2019, and is by and between Maple Brook, LLC, a Minnesota limited liability company (“**Developer**”), and United Prairie Bank, a Minnesota banking corporation (“**Lender**”).

The City of Northfield, a municipal corporation and political subdivision under the laws of the State of Minnesota (the “**City**”) and Developer are parties to a Development Agreement dated on or around the date of this assignment (the “**Development Agreement**”), pertaining to, among other things, the development of a 24-unit affordable multifamily rental housing development (the “**Project**”) in the City of Northfield, Rice County, Minnesota, with Parcel Identification (PID) No. 22.07.3.01.069, and legally described in Exhibit A of the Development Agreement owned by Developer.

The City and Developer are also parties to the TIF Assistance Agreement dated on or around the date of this assignment (the “**TIF Agreement**”), pertaining to the financing of a portion of the Project.

Under the terms of the TIF Agreement, the City has agreed to issue the Taxable Tax Increment Revenue Note (Maple Brook Townhomes Project) to Developer in the original principal amount of \$435,000 (the “**TIF Note**”; the Development Agreement, the TIF Agreement, and the TIF Note, collectively, the “**Assigned Documents**”), as more fully described in, and subject to the terms of, the TIF Agreement.

At the request of Developer, Lender has agreed to extend financial accommodations to Developer for the development of the Project in accordance with the terms of the Business Loan Agreement dated on or around the date of this assignment (the “**Loan Agreement**”). In accordance with the Loan Agreement, Developer signed and delivered to Lender the Promissory Note dated the date of the Loan Agreement, in the original principal amount of \$3,054,000 (the “**Note**”).

To secure the payment and performance by Developer of its obligations under the Loan Agreement and the Related Documents (as defined in the Loan Agreement), Lender has required and Developer has agreed to make a collateral assignment to Lender of all of Developer’s right, title, and interest in and to the Assigned Documents, including, without limitation, all rights to payment and proceeds under the Assigned Documents (collectively, “**Payments**”). The parties therefore agree as follows:

1. **Definitions.** The following term has the meaning ascribed to it below:

- a) **“Obligations”**: The indebtedness, agreements, covenants, and payment and performance obligations of Developer to Lender under the Loan Agreement and the Related Documents.
2. **Grant of Security Interest.** Notwithstanding any provision in the Assigned Documents to the contrary, Developer hereby grants, pledges, and assigns to Lender, to secure full payment and performance of the Obligations, all of Developer’s right, title, and interest in and to the: (i) Development Agreement; (ii) the TIF Agreement; and (iii) the TIF Note, including, but not limited to, all Payments. This assignment constitutes a perfected, absolute, and present assignment. Lender, however, will have no rights under this assignment until the occurrence of an Event of Default (as defined in the Loan Agreement).
3. **Actions Upon Issuance of the TIF Note.** Promptly upon receipt, Developer shall deliver the TIF Note endorsed to Lender (using the allonge attached to this assignment or other form of endorsement acceptable to Lender) to be held as collateral security for the Obligations.
4. **Payments by the City under the Assigned Documents.**
 - a) Upon receipt of any Payments under the TIF Note, Developer shall deposit such Payments into a deposit account designated by Lender.
 - b) Upon payment in full of the Obligations, this assignment will become void and be of no further effect.
5. **Developer Covenants and Representations.** Developer represents, warrants, and covenants as follows: (a) Developer is the sole owner of Developer’s rights, title, and interest in the Development Agreement and the TIF Agreement, and upon issuance, in the TIF Note, free from any adverse lien, security interest, or other encumbrance, except for the security interest created by this assignment; (b) when issued, the TIF Note will be delivered to Lender as required hereunder, along with an allonge in the form attached hereto as Exhibit A, or other form of endorsement acceptable to Lender; (c) Developer will keep the Assigned Documents free from any lien, security interest, or other encumbrance except this assignment, and Developer shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to Lender; and (d) Developer will not pledge, sell, transfer, assign, mortgage, or create, or suffer to exist a security interest in the Assigned Documents in favor of any person or entity other than Lender.
6. **Lender to Notify the City upon an Event of Default under the Loan Agreement; Payments to be Made to Lender instead of Developer.** Lender may, if an Event of Default (as defined in the Loan Agreement) has occurred, notify the City that Payments when issued are to be made directly to Lender. After the making of such a request or the giving of any such notification by Lender, Developer shall hold any Payments under

the Assigned Documents received by Developer as trustee for Lender without commingling the same with other funds of Developer and shall turn the same over to Lender in the identical form received, together with any necessary endorsements or assignments. Lender shall apply the proceeds thereof to the Obligations. Developer hereby irrevocably directs and authorizes the City to pay, upon written direction from Lender to do so, directly and exclusively to Lender or its assigns, all sums due under the TIF Agreement or the TIF Note, subject to the terms thereof. Developer hereby irrevocably authorizes and directs the City to recognize the claims of Lender without investigating the reason for any action taken or the validity of or the amount of indebtedness owing to Lender or the existence of any Event of Default. To the extent such sums are paid to Lender, Developer agrees that the City will have no further liability to Developer for the same. The sole receipt by Lender of any sum paid by the City will be in discharge and release of that portion of any amount owed by the City. Lender acknowledges that the City's rights and remedies against Developer under the TIF Agreement and the Development Agreement are unaffected by this assignment.

7. **No Assumption of Liability by Lender.** Developer agrees that Lender does not assume any of the obligations or duties of Developer under or with respect to the Assigned Documents unless and until Lender has given to the City written notice that it has affirmatively exercised its right under this assignment and to assume performance of the Assigned Documents. Furthermore, Lender may, without assuming performance under the Assigned Documents, request and receive from the City all Payments payable or which become payable, in accordance with Section 6.

8. **Power of Attorney.**

- a) **Appointment and Powers of Lender.** Developer hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Developer or in Lender's own name, for the purpose of carrying out the terms of this assignment, to take any and all appropriate action, and to sign any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this assignment, and without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of Developer, without notice to or assent by Developer, to, upon the occurrence of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with the Assigned Documents or any matter, thing, or payment thereunder in such manner as is consistent with the Uniform Commercial Code of the State of Minnesota and as fully and completely as though Lender were the absolute owner thereof for all purposes, and to do at Developer's expense, at any time, or from time to time, all acts and things that Lender deems necessary to protect, preserve, or realize upon Lender's security interest therein, in order to effect the intent of this assignment, all as fully and effectively as Developer might do,

including, without limitation, the execution, delivery, and recording, in connection with any sale or other disposition of any collateral, of the endorsements, assignments, or other instruments of conveyance or transfer with respect to such collateral.

- b) **Ratification by Developer.** To the extent permitted by law, Developer hereby ratifies all that said attorneys lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable.
 - c) **No Duty on Lender.** The powers conferred on Lender hereunder are solely to protect its interests and do not and will not impose any duty upon Lender to exercise any such powers. Lender will be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees, or agents will be responsible to Developer for any act or failure to act, except for Lender's own gross negligence or willful misconduct.
- 9. **Remedies.** Upon the occurrence of any Event of Default, Lender may, without affecting any of its rights or remedies against Developer under any other agreement, exercise its rights under this assignment as Developer's attorney-in-fact in any manner permitted by law, and in addition, Lender will have and possess, without limitation, any and all rights and remedies of a secured party under the Minnesota Uniform Commercial Code (as amended from time to time, the "UCC") or otherwise provided by law. For purposes of exercising any available rights and remedies of a secured party, ten days written notice will constitute commercially reasonable notice where such notice is required by the UCC.
 - 10. **No Waiver by Lender.** Lender will not be deemed to have waived any of its rights unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right will operate as a waiver of such right or any other right. A waiver on any one occasion will not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of Lender, whether evidenced hereby or by any other instrument or papers, will be cumulative and may be exercised singularly, alternatively, successively, or concurrently at such time or at such times as Lender deems expedient.
 - 11. **Payment of Expenses.** Developer shall pay to Lender on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Lender in protecting, preserving, or enforcing Lender's rights hereunder.
 - 12. **Amendments.** The parties agree that no material change or amendment will be made to terms of the Assigned Documents, without the prior written consent of Lender, which consent will not be unreasonably withheld or delayed.

13. **Notices.** Any notice, request, demand, or other communication hereunder will be deemed duly given if delivered or postage prepaid, certified or registered mail, addressed to the party as set forth below, or to such other address as is communicated in writing to the parties at least ten days prior to the date of such notice:

If to Developer:

Maple Brook, LLC
704 Parkway Avenue
Eagle Lake, MN 56024
Attn: Troy Schrom

With copies to:

Mary S. Ranum Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402-1425
Email: mrانum@fredlaw.com

And:

Jessica A. Buchert Esq.
Fredrikson & Byron, P.A.
The Graif Building
3 Civic Center Plaza, Suite 400
Mankato, MN 56001
Email: jbuchert@fredlaw.com

If to Lender:

United Prairie Bank
10 Firestone Drive, Suite 100
Mankato, MN 56001
Attn: Douglas K. Lago

14. **Governing Law.** This assignment will be governed by, and construed in accordance with, the laws of Minnesota.
15. **Amendments and Restatements.** All documents referenced and defined in this assignment will include any amendments, modifications, and supplements thereto and any restatements or replacements thereof, and will be deemed incorporated in this assignment as if fully set forth herein.

16. **Headings.** The headings of each section of this assignment are for convenience only and will not define or limit the provisions hereof.
17. **Successors and Assigns.** This assignment and all rights and obligations hereunder will be binding upon the parties hereto and their respective successors and assigns, and will inure to the benefit of Lender and its successors and assigns.
18. **Severability.** If any term of this assignment is held to be invalid, illegal, or unenforceable, the validity of all other terms will in no way be affected, and this assignment will be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included.
19. **Counterparts.** This assignment may be signed in counterparts, each of which will be an original, and all of which will constitute one and the same agreement.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE TO COLLATERAL ASSIGNMENT]

The parties are signing this assignment on the date stated in the introductory paragraph.

DEVELOPER:

MAPLE BROOK, LLC,
a Minnesota limited liability company

By: _____

Name: _____

Title: _____

[SIGNATURE PAGE TO COLLATERAL ASSIGNMENT]

LENDER:

UNITED PRAIRIE BANK, a Minnesota banking
corporation

By: _____

Name: _____

Title: _____

EXHIBIT A

ALLONGE TO TAX INCREMENT REVENUE NOTE

PAY TO THE ORDER OF UNITED PRAIRIE BANK, WITH RECOURSE.

Dated this ____ day of July, 2019.

MAPLE BROOK, LLC,
a Minnesota limited liability company

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT, CONSENT, AND AGREEMENT OF CITY

The City of Northfield, a municipal corporation and political subdivision under the laws of the State of Minnesota (the “**City**”), hereby acknowledges the above collateral assignment (the “**Assignment**”), by Maple Brook, LLC, a Minnesota limited liability company (“**Developer**”), in favor of United Prairie Bank, a Minnesota banking corporation (“**Lender**”), and agrees to be bound by the Assignment and to comply with Lender’s instructions with respect to Payments under the Assigned Documents. Capitalized terms used but not defined in this consent have the meanings given them in the Assignment. In particular, and without limiting the generality of the foregoing, the City acknowledges and agrees that the Assignment is approved by the City and is made in full compliance with the provisions of Section 5.3 of the TIF Agreement and Section 28(a) of the Development Agreement.

Without limiting the foregoing, and notwithstanding any provisions of the Assigned Documents to the contrary, the City hereby: (i) consents to the collateral assignment of the Assigned Documents and Payments by Developer to Lender; (ii) agrees that Lender does not assume any of the obligations or duties of Developer under or with respect to the Assigned Documents unless and until Lender has given to the City written notice that it has affirmatively exercised its right to exercise the collateral assignment and to assume performance under the Assigned Documents; and (iii) agrees that, notwithstanding the foregoing, Lender may, without assuming performance of the Assigned Documents, request and receive from the City all Payments payable or which become payable under the Assigned Documents, as provided in the Assignment.

The City shall send to Lender, at the address set forth in Section 13 of the Assignment (or at such other address designated by Lender, in writing), a copy of any notice sent by the City to Developer of any Event of Default by Developer under the TIF Agreement or the Development Agreement. The City shall accept any cure of a default by Lender in accordance with Assigned Documents as performance by Developer under the same. Nothing in the foregoing assignment, however, will extend the deadline for curing defaults or otherwise limit the City’s rights to exercise its remedies as provided in the Assigned Documents.

The undersigned are signing this agreement as of July ____, 2019.

CITY OF NORTHFIELD

By: _____
Its Mayor

By: _____
Its Clerk