



City of Grand Forks
Staff Report
Committee of the Whole – May 11, 2026
City Council – May 18, 2026

Agenda Item: Mortgage & Assignment of Rents Subordination Request – 116 S. 3rd St.

Submitted by: Collin T. Hanson, Community Development Manager

Staff Recommended Action: Authorize subordination of mortgage and assignment of rents associated with Rhombus House of Pizza, LLC’s CDBG flood era disaster recovery assistance loan, subject to review and approval by the City Attorney.

Committee Recommended Action: Motion by Osowski, second by Berg to move item to City Council with a recommendation to approve. Motion carried unanimously.

Council Action:

BACKGROUND:

A significant amount of CDBG disaster recovery assistance was allocated to the rehabilitation of downtown properties, including Metropolitan Opera House building on S. Third Street. In 2001, \$600,000 was awarded to Oriental Avenue LLP (Lonnie Laffen), to assist with the acquisition and renovation of the Metropolitan Opera House. Funds were provided in the form of a 35-year, 0% interest, forgivable loan, which is secured by a mortgage and assignment of rents. Under the terms of the loan, no payments are required and beginning in Year 6, 3.333% (\$20,000.00) of the principal is forgiven annually if 1) the property is not sold without consent of the city within the first ten years of original acquisition of the property, 2) the property remains current on taxes and special assessments, 3) the project is completed, and 4) owner is not in default of the loan agreement.

The project was completed as specified, the property was not previously sold without consent of the City, and the owners are not in default of the loan agreement. As of May 8, 2026, the Grand Forks County website shows 2026 real estate taxes and special assessments as paid. The current balance of the loan is \$180,000.

Rhombus House of Pizza, LLC acquired the property in 2013 after City Council approved their request to assume the mortgage. That entity is still the owner of the property and has refinanced with a new lender, Choice Bank. The request is to subordinate to Choice Bank’s loan of \$2,400,000, and carries a term of 36 months at 6% interest. The property is appraised at \$3,140,000 and total debt on the project, including the remaining balance of \$180,000 on the City loan, is \$2,580,000, putting loan to value at 82%. A similar request was approved by City

Council in 2013 to subordinate the mortgage and assignment of rents to Bremer Bank as part of Rhombus House of Pizza, LLC's acquisition of the property.

ANALYSIS AND FINDINGS OF FACT:

- Under 9 years remain on the original mortgage, representing an unforgiven loan balance of \$180,000.
- While mortgages were not attached to all downtown properties that received CDBG disaster assistance, they did secure large investments such as the subject property and the former City Center Mall ("Old Town" at 33 South Third Street). In this case, CDBG assistance represented approximately one third (33.333%) of the total estimated project cost (in 2000) of \$1.8 million.
- City Council approved a revised reversion of assets and mortgages policy for the CDBG program on April 7, 2025. The requested mortgage subordination would have met the criteria to be reviewed and approved administratively with a loan to value not exceeding 90%; however, the policy does not allow for the administrative review and approval of subordination of assignments of rents. Community Development staff anticipate recommending a policy change for HUD funded forgivable loans in an effort to streamline future subordination, assumption, and change in lead lender requests.
- The intent of the mortgage was to ensure the City's significant CDBG investment would result in a project that would make a long-term contribution to downtown Grand Forks' economic viability and historic/architectural heritage.

SUPPORT MATERIALS:

- Mortgage Subordination Request
- Amortization Schedule
- Recorded Mortgage
- Recorded Assignment of Rents
- Draft Mortgage Subordination
- Draft Assignment of Rents Subordination



City of Grand Forks

Office of Urban Development
1405 1st Avenue North, Grand Forks, ND 58203
An Equal Housing Opportunity Agency

(701) 746-2545
FAX# (701) 746-2548
TDD #711

SUBORDINATION REQUEST REVIEW FORM

Borrower Name(s): Rhombus House of Pizza LLC

Property Address: 116 S 3rd Street Grand Forks ND 58201

Requesting Lender: Choice Bank

Requesting Loan Officer: Brad Bulger

Reason for Request: _____

Refinance from Old National to Choice Bank

Proposed Loan- to-Value Ratio: 82%

Proposed Housing Debt Ratio: _____

Proposed Long-Term Debt Ratio: _____

On behalf of the above-named borrower(s), I request subordination of their City assistance loan. The use and terms of the proposed new loan are described, and all information provided in conjunction with this request is true and accurate.



Signature of Loan Officer

4/29/2026

Date

FOR CITY USE ONLY

Approved: _____ Denied: _____

Comments: _____

Signature: _____

Date: _____

CITY OF GRAND FORKS SUBORDINATION REQUEST INFORMATION

Borrower Name: Rhombus House of Pizza LLC
Address: 116 S 3rd Street Grand Forks ND 58201
Phone: 701-787-7317
Current household monthly income: \$ _____
Current monthly long-term debt payments: \$ 17863
Proposed monthly long-term debt payments: \$ 15463
Current monthly house payment (PITI): \$ _____
Proposed monthly house payment (PITI): \$ _____

Requesting Lender: Choice Bank
Contact Person: Brad Bulger
Phone: _____ E-Mail: b.bulger@bankwithchoice.com
Has borrower been current on all mortgage and property tax payments for the past 24 months? Yes No
Current market value of the home: \$ _____
How was this value established? _____
Will borrower receive cash out from requested loan? Yes No
If Yes, how much: \$ _____

EXISTING DEBT STRUCTURE

**REQUESTED DEBT STRUCTURE
(if approved)**

Loan #1 (first position):

Lender/mortgage holder: _____
Current Balance: \$ _____
Interest Rate: _____
Monthly payment (PITI): \$ _____
Months to maturity: _____

Loan #1 (first position):

Lender/mortgage holder: Choice Bank
Current Balance: \$ 2400000
Interest Rate: 6%
Monthly payment (PITI): \$ 15463
Months to maturity: 36

Loan #2 (second position):

Lender/mortgage holder: _____
Current Balance: \$ _____
Interest Rate: _____
Monthly payment (PITI): \$ _____
Months to maturity: _____

Loan #2 (second position):

Lender/mortgage holder: _____
Current Balance: \$ _____
Interest Rate: _____
Monthly payment (PITI): \$ _____
Months to maturity: _____

Loan #3 (third position):

Lender/mortgage holder: _____
Current Balance: \$ _____
Interest Rate: _____
Monthly payment (PITI): \$ _____
Months to maturity: _____

Loan #3 (third position):

Lender/mortgage holder: _____
Current Balance: \$ _____
Interest Rate: _____
Monthly payment (PITI): \$ _____
Months to maturity: _____

City of Grand Forks, ND
 CDBG Disaster Assistance Loan
 Borrower: Oriental Avenue, LLP

City of Grand Forks
 CDBG Disaster Assistance Loan
 Borrower: Oriental Avenue LLP
 Start Date: 02/02/2000
 End Date: 02/02/2035

Principal Borrowed: 600,000.00
 Annual Interest Rate: 0.000%
 Compound Period: Annual
 Term: 35 years; no forgiveness years 1-5;
 \$20,000 forgiveness years 6-35

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Principal Forgiven	Balance		Date	Principal Forgiven	Balance
Loan	2/2/2000		600,000.00		18	2/2/2018	20,000.00
2000 Totals		0.00		2018 Totals		20,000.00	340,000.00
1	2/2/2001	0.00	600,000.00	19	2/2/2019	20,000.00	
2001 Totals		0.00		2019 Totals		20,000.00	320,000.00
2	2/2/2002	0.00	600,000.00	20	2/2/2020	20,000.00	
2002 Totals		0.00		2020 Totals		20,000.00	300,000.00
3	2/2/2003	0.00	600,000.00	21	2/2/2021	20,000.00	
2003 Totals		0.00		2021 Totals		20,000.00	280,000.00
4	2/2/2004	0.00	600,000.00	22	2/2/2022	20,000.00	
2004 Totals		0.00		2022 Totals		20,000.00	260,000.00
5	2/2/2005	0.00	600,000.00	23	2/2/2023	20,000.00	
2005 Totals		0.00		2023 Totals		20,000.00	240,000.00
6	2/2/2006	20,000.00	580,000.00	24	2/2/2024	20,000.00	
2006 Totals		20,000.00		2024 Totals		20,000.00	220,000.00
7	2/2/2007	20,000.00	560,000.00	25	2/2/2025	20,000.00	
2007 Totals		20,000.00		2025 Totals		20,000.00	200,000.00
8	2/2/2008	20,000.00	540,000.00	26	2/2/2026	20,000.00	
2008 Totals		20,000.00		2026 Totals		20,000.00	180,000.00
9	2/2/2009	20,000.00	520,000.00	27	2/2/2027	20,000.00	
2009 Totals		20,000.00		2027 Totals		20,000.00	160,000.00
10	2/2/2010	20,000.00	500,000.00	28	2/2/2028	20,000.00	
2010 Totals		20,000.00		2028 Totals		20,000.00	140,000.00
11	2/2/2011	20,000.00	480,000.00	29	2/2/2029	20,000.00	
2011 Totals		20,000.00		2029 Totals		20,000.00	120,000.00
12	2/2/2012	20,000.00	460,000.00	30	2/2/2030	20,000.00	
2012 Totals		20,000.00		2030 Totals		20,000.00	100,000.00
13	2/2/2013	20,000.00	440,000.00	31	2/2/2031	20,000.00	
2013 Totals		20,000.00		2031 Totals		20,000.00	80,000.00
14	2/2/2014	20,000.00	420,000.00	32	2/2/2032	20,000.00	
2014 Totals		20,000.00		2032 Totals		20,000.00	60,000.00
15	2/2/2015	20,000.00	400,000.00	33	2/2/2033	20,000.00	
2015 Totals		20,000.00		2033 Totals		20,000.00	40,000.00
16	2/2/2016	20,000.00	380,000.00	34	2/2/2034	20,000.00	
2016 Totals		20,000.00		2034 Totals		20,000.00	20,000.00
17	2/2/2017	20,000.00	360,000.00	35	2/2/2035	20,000.00	
2017 Totals		20,000.00		2035 Totals		20,000.00	0.00
				Grand Totals		600,000.00	

Subordination DOC# 645778
Subordination DOC# 660698
Assumption Agreement DOC# 735264
Subordination DOC# 735265
Subordination DOC# 751306

575657

MORTGAGE
***SHORT-TERM MORTGAGE REDEMPTION**

THIS MORTGAGE, Made this 2 day of February, A.D., 2000, by and between **Oriental Avenue, LLP** of the City of Grand Forks, County of Grand Forks and State of North Dakota, party of the first part, and the **City of Grand Forks**, a North Dakota Municipal Corporation, of the City of Grand Forks in the County of Grand Forks and State of North Dakota, party of the second part, Mortgagee, whose post office address is 255 North 4th Street, Grand Forks, ND 58203.

WITNESSETH, That the said party of the first part, for and in consideration of the sum of Six Hundred Thousand and no/100 Dollars (\$600,000.00) to it in hand paid by said party of the second part, the receipt of which is hereby acknowledged, does by these presents GRANT, BARGAIN, SELL AND CONVEY, unto the said party of the second part, its successors and assigns, FOREVER, all that tract or parcel of land and real estate lying and being in the County of Grand Forks and State of North Dakota, described as follows, to-wit:

All those parts of Lots 7, 9, and 11, and that certain un-numbered tract of land 100 feet square lying southeasterly of, adjacent and contiguous to said Lots 7, 9, and 11, Block 31, Grand Forks, according to the Plat thereof recorded in Book "A" of Deeds, on page 22, lying within the following described tract:

Beginning at a point on South 3rd St. 25 feet southeasterly from the northerly corner of said Lot 7: thence southeasterly along South 3rd St. for a distance of 100 feet, more or less, to the most easterly corner of the northwesterly half of Lot 11; thence at right angles to said last mentioned line and in a southwesterly direction for a distance of 140 feet to a point which is the most southerly corner of the northwesterly half of Lot 11; thence at right angles to said last mentioned line and in a northwesterly direction, parallel to South 3rd St., a distance of 25 feet, more or less, to the northwesterly boundary line of Lot 11; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 10 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 26 feet to a point; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 8.9 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 21.3 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 8.9 feet to a point; thence at right angles to said last

mentioned line and a northwesterly direction a distance of 3.6 feet to a point; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 11.67 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 38.5 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 25.9 feet to a point; thence at right angles to said last mentioned line and in a southeasterly direction a distance of 14.3 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 14.08 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 5.85 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 25.8 feet to a point; thence at right angles to said last mentioned line and in a southeasterly direction a distance of 5.85 feet to a point; thence in a straight line in a northeasterly direction 96.08 feet, more or less, to the point of beginning. (Commonly known as 116 S. 3rd St., Grand Forks, North Dakota)

Town of Grand Forks

Also described as Lot 1, Block 1, ~~Melby & Laffen's~~ First Resubdivision to the City of Grand Forks

TO HAVE AND TO HOLD THE SAME, Together with all the hereditaments and appurtenances thereunto belonging or in anywise appertaining, to the said party of the second part, its successors and assigns, FOREVER. And the said party of the first part, for its successors and assigns, hereby covenants with the said party of the second part, its successors and assigns, that it is lawfully seized in fee of the aforesaid real estate and premises and has good right and lawful authority to sell and convey the same, that said premises are free from all incumbrances, NO EXCEPTIONS; and that the said party of the second part, its successors and assigns, shall quietly enjoy and possess the same and that said party of the first part, and its successors and assigns, will forever warrant and defend the title to the said premises unto the party of the second part, its successors and assigns, against the lawful claims of any and all persons;

PROVIDED, NEVERTHELESS, That if the said party of the first part, or its successors or assigns shall pay or cause to be paid to the said party of the second part, its successors or assigns, the sum of Six Hundred Thousand and no/100 Dollars (\$600,000.00) ~~and interest~~, according to the terms and conditions of a certain promissory note executed by said party of the first part to the said party of the second part, bearing even date herewith, ~~for~~ ~~a term of 5 years~~ and shall also pay all taxes which are or may hereafter be assessed against said premises as it shall become due, then this mortgage shall be void.

payable to, the said party of the second part, its successors and assigns, and to deliver all policies evidencing such insurance to the party of the second part, its successors and assigns.

It is further agreed, that in case the party of the first part shall fail to pay said taxes or assessments or to effect such insurance or to deliver the policies therefore as herein provided, or in case there shall at any time, exist any lien or incumbrance upon said premises or any part thereof or on any building or improvement thereon, which is prior to this mortgage (except for written subordination agreements granted by the party of the second part), the said party of the second part, its successors or assigns, at its election, may effect such insurance and may pay any and all such taxes and assessments, and may pay any such claim, lien or incumbrance, and all sums of money which may be so paid, with interest thereon from the time of payment at the same rate as is provided in the promissory note, shall be deemed, and are hereby declared to be, a part of the debt secured by this mortgage and shall be immediately due and payable and said party of the first part agrees to pay the same.

The party of the first part further agrees that if default be made in the payment of said note or taxes as aforesaid, or in case of the violation of any of the conditions or covenants of this mortgage, then and in that case the party of the second party, its successors or assigns, may at its election declare the whole principal amount, less forgiven principal amounts, due and payable and may proceed to collect the same with all taxes and insurance premiums; and the said party of the first part further agrees that if the said note, be not paid when due, whether on the full maturity thereof, or upon being declared due on account of default made as aforesaid, then and in that event the said party of the second part, its successors and assigns are hereby authorized and empowered to sell the hereby granted premises, and convey the same to same to the purchaser, agreeably to the statute in such case made and provided, and out of the monies arising from such sale to retain the principal which shall be then due on said note, and all taxes upon said lands, together with all charges and disbursements, paying the surplus, if any, to the said party of the first part, or its successors or assigns.

*In the event that within ten (10) years from the date the party of the first part acquires title tot he premises, the mortgagors convey the title (legal, equitable or both) to all or any portion of said premises or in the event such title becomes vested in a person other than the mortgagors in any manner whatsoever except under the power of eminent domain, without the prior written consent of the party of the second part, then in any such case the entire remaining principal of the note secured hereby shall, at the option of the mortgagee at any time thereafter, become immediately due and payable ten (10) days after the mortgagor's receipt of written notice.

*The parties agree that the provisions of the Short-Term Mortgage Redemption Act shall govern this mortgage.

575658

ASSIGNMENT OF RENTS

FOR VALUE RECEIVED, the undersigned hereby assigns, sets over, attorns and delivers to the City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, all its right, title, interest and demand in and to the rents, issues and profits of the following property situate in Grand Forks County, North Dakota:

All those parts of Lots 7, 9, and 11, and that certain un-numbered tract of land 100 feet square lying southeasterly of, adjacent and contiguous to said Lots 7, 9, and 11, Block 31, Grand Forks, according to the Plat thereof recorded in Book "A" of Deeds, on page 22, lying within the following described tract:

Beginning at a point on South 3rd St. 25 feet southeasterly from the northerly corner of said Lot 7: thence southeasterly along South 3rd St. for a distance of 100 feet, more or less, to the most easterly corner of the northwesterly half of Lot 11; thence at right angles to said last mentioned line and in a southwesterly direction for a distance of 140 feet to a point which is the most southerly corner of the northwesterly half of Lot 11; thence at right angles to said last mentioned line and in a northwesterly direction, parallel to South 3rd St., a distance of 25 feet, more or less, to the northwesterly boundary line of Lot 11; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 10 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 26 feet to a point; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 8.9 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 21.3 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 8.9 feet to a point; thence at right angles to said last mentioned line and a northwesterly direction a distance of 3.6 feet to a point; thence at right angles to said last mentioned line and in a southwesterly direction a distance of 11.67 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 38.5 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 25.9 feet to a point; thence at right angles to said last mentioned line and in a southeasterly direction a distance of 14.3 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 14.08 feet to a point; thence at right angles to said last mentioned line and in a northwesterly direction a distance of 5.85 feet to a point; thence at right angles to said last mentioned line and in a northeasterly direction a distance of 25.8 feet to a point; thence at right angles to said last mentioned line and in a southeasterly direction a distance of 5.85 feet to a point; thence in a straight line in a northeasterly direction 96.08 feet, more or less, to the point of beginning. (Commonly known as 116 S. 3rd St., Grand Forks, North Dakota)

Town of Grand Forks

the City of

Also described as Lot 1, Block 1, ~~Melby & Laffen's~~ First Resubdivision to Grand Forks

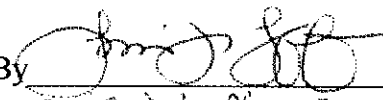
And to that end, the undersigned hereby assigns and sets over to the said City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, the lease of said premises now made, executed or delivered, and whether written or verbal, or to be hereafter made, executed or delivered, be the same written or verbal, and the undersigned does hereby empower the said City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, its agent or attorney, to collect the said rents as they shall become due and to direct each and all of the tenants of the aforesaid premises to pay such rents as may now be due or shall hereafter become due to the said City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, its agent or attorney, and the receipts of the said rent shall in all things be its receipts for same. The term of this attornment or assignment shall be until the certain note and mortgage dated 2/2/2000, made, executed and delivered by Oriental Avenue, LLP, to the said City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, covering above described premises, for the sum of Six Hundred Thousand and no/100 Dollars (\$600,000.00), shall have been fully paid and satisfied, at which time this Assignment of Rents is fully satisfied, canceled and released, and the releasing of said mortgage shall constitute a release thereof.

The undersigned further makes, constitutes and appoints, during the term of this Assignment of Rents, as hereinbefore set out, the City of Grand Forks, a North Dakota Municipal Corporation, of Grand Forks, North Dakota, its true and lawful Attorney, for it and in its name, to renew any and all leases of said premises, from time to time, or agree to renew the same and also make such new leases, agreements and writings in regard to the leasing of said premises as it shall think proper.

It is understood and agreed that this Assignment of Rents shall not become operative and effective unless default shall be made in the covenants, terms and conditions of the note and mortgage, hereinbefore described.

IN WITNESS WHEREOF, the partnership has caused its name to be signed hereto on the 2 day of February, 2000.

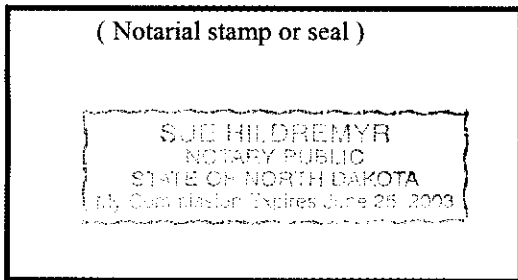
ORIENTAL AVENUE, LLP


By 
Lonnie J. Laffen, Its Partner

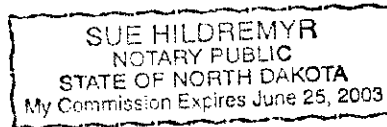
575658

STATE OF NORTH DAKOTA)
)SS.
COUNTY OF GRAND FORKS)

On this 2nd day of February, 2000, before me a Notary Public within and for said county and state appeared Connie J. Lofgren known to me to be the partner and _____ respectively of Oriental Avenue, LLP, and that executed the foregoing instrument as the free act and deed of said partnership.




NOTARY PUBLIC, NORTH DAKOTA
My Commission Expires:



STATE OF NORTH DAKOTA
COUNTY OF GRAND FORKS
REGISTER OF DEEDS

I hereby certify that the within instrument was filed in this office for record on

OCT 04 2000

at 9 : 00 AM

AS DOCUMENT NO 575658

Cheryl L. Luckee
Register of Deeds

Deputy

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, dated this _____ day of _____, 2026, is made by City of Grand Forks, a North Dakota Municipal Corporation ("Subordinating Creditor") for the benefit of Choice Financial Group, its successors and/or assigns ("Lender").

WHEREAS, Oriental Avenue, LLP has given a Mortgage ("Subordinated Debt") to Subordinating Creditor recorded October 4, 2000 at 9:00 A.M. as Document No. 575657, which said Mortgage was assumed by Rhombus House of Pizza, LLC ("Borrower") by virtue of a Mortgage Assumption Agreement recorded July 25, 2013 at 2:15 P.M. as Document No. 735264, in the original principal amount of \$600,000.00, securing certain real property located in the County of Grand Forks, State of North Dakota, described as follows ("Property"):

Lot One (1), in Block One (1), Town of Grand Forks First Resubdivision to the City of Grand Forks, North Dakota, according to the plat thereof on file in the Office of the County Recorder within and for Grand Forks County, N.D., and recorded as Document No. 570909.

Lender is the Mortgagee under a Mortgage, hereinafter referred to as "Senior Mortgage", given by Borrower dated _____, 2026, recorded on the _____ day of _____, 2026 as Document No. _____, in the original principal amount of \$2,386,064.67.

To induce the Lender to make a loan to Borrower secured by the Senior Mortgage, Subordinating Creditor has agreed to execute and deliver this Subordination Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subordinated Debt hereby and shall be and shall remain fully subordinate for all purposes to the lien of the Senior Mortgage on the said property to the full extent of all sums from time to time secured by the said Senior Mortgage, provided, together with interest thereon, amounts advanced to protect the lien and priority of the Senior Mortgage, and costs of collection and foreclosure.

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed as of the day and year first above written.

CITY OF GRAND FORKS, A NORTH DAKOTA MUNICIPAL CORPORATION

By: _____

Its: _____

By: _____

Its: _____

STATE OF NORTH DAKOTA

)

) ss.

COUNTY OF GRAND FORKS

)

On this ____ day of _____, 2026, personally before me appeared _____, known to me to be the _____ of City of Grand Forks, a North Dakota Municipal Corporation, the Subordinating Creditor described above, and acknowledged that he/she/they executed the same on its behalf.

Notary Public
My Commission Expires:

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, dated this _____ day of _____, 2026, is made by City of Grand Forks, a North Dakota Municipal Corporation (“Subordinating Creditor”) for the benefit of Choice Financial Group, its successors and/or assigns (“Lender”).

WHEREAS, Oriental Avenue, LLP has given an Assignment of Rents (“Subordinated Debt”) to Subordinating Creditor recorded October 4, 2000 at 9:00 A.M. as Document No. 575658, which said Assignment of Rents was assumed by Rhombus House of Pizza, LLC (“Borrower”) by virtue of a Mortgage Assumption Agreement recorded July 25, 2013 at 2:15 P.M. as Document No. 735264, securing certain real property located in the County of Grand Forks, State of North Dakota, described as follows (“Property”):

Lot One (1), in Block One (1), Town of Grand Forks First Resubdivision to the City of Grand Forks, North Dakota, according to the plat thereof on file in the Office of the County Recorder within and for Grand Forks County, N.D., and recorded as Document No. 570909.

Lender is the Mortgagee under a Mortgage, hereinafter referred to as “Senior Mortgage”, given by Borrower dated _____, 2026, recorded on the _____ day of _____, 2026 as Document No. _____, in the original principal amount of \$2,386,064.67.

To induce the Lender to make a loan to Borrower secured by the Senior Mortgage, Subordinating Creditor has agreed to execute and deliver this Subordination Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subordinated Debt hereby and shall be and shall remain fully subordinate for all purposes to the lien of the Senior Mortgage on the said property to the full extent of all sums from time to time secured by the said Senior Mortgage, provided, together with interest thereon, amounts advanced to protect the lien and priority of the Senior Mortgage, and costs of collection and foreclosure.

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed as of the day and year first above written.

CITY OF GRAND FORKS, A NORTH DAKOTA MUNICIPAL CORPORATION

By: _____

Its: _____

By: _____

Its: _____

STATE OF NORTH DAKOTA

)

) ss.

COUNTY OF GRAND FORKS

)

On this ____ day of _____, 2026, personally before me appeared _____, known to me to be the _____ of City of Grand Forks, a North Dakota Municipal Corporation, the Subordinating Creditor described above, and acknowledged that he/she/they executed the same on its behalf.

Notary Public
My Commission Expires:

