

**PERFORMANCE BOND
DUAL OBLIGEE**

KNOW ALL BY THESE PRESENTS that _____
_____, a _____
_____, as Principal (hereinafter called "Principal") and _____
_____, a _____
_____, as Surety, (hereinafter called "Surety") are held and firmly bound unto
_____, a Minnesota _____
_____ (hereinafter called "Owner-Obligee" or "Owner") and unto the
Minnesota Housing Finance Agency, a public body corporate and politic established pursuant to Laws
1971, Chapter 702, as amended, Minnesota Statutes, its successors and assigns, (hereinafter called
"Lender-Obligee" or "Lender") as their respective interests may appear, as Obligees, in the sum of

Dollars (\$_____) (hereinafter called "Penal Sum") lawful money of the United States of
America, for the payment of which Principal and Surety bind themselves, their heirs, executors,
administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Principal has entered into a Construction Contract (hereinafter called "Contract")
dated _____ with Owner-Obligee for the construction of a housing development
designated as _____, a copy of which Contract is
attached hereto and made a part hereof; and

WHEREAS, Lender-Obligee, under a certain Building Loan Agreement, a copy of which is attached
hereto and made a part hereof, has agreed or will agree to lend to the Owner-Obligee a sum of money to
be secured by a mortgage on said Development and to be used by the Owner-Obligee in making
payments to the Principal under said Contract.

NOW, THEREFORE, the condition of this obligation is such that, if Principal shall well and truly
perform all the undertakings, covenants, terms, conditions, and agreements of said Contract on its part,
and fully indemnify and save harmless Obligees from all cost and damage which they may suffer by
reason of failure so to do, and fully reimburse and repay Obligees all outlay and expense which Obligees
may incur in making good any such default, then this obligation shall be null and void; otherwise it shall
remain in full force and effect.

The foregoing, however, is subject to the following further provisions:

1. Owner or Lender, without the need for consent of the other party, may declare Principal
to be in default under the Contract by a written notice of default sent to Surety. The notice of default
shall specify defaults and be served by mailing the same by registered mail, postage prepaid, in an
envelope addressed to Surety, at any place where an office is regularly maintained by the addressee for

the transaction of business, or served in any manner in which summons or subpoena may be served under Minnesota law, save that such service need not be made by a public officer.

2. After notice of default has been served pursuant to par. 1, above, Surety may promptly:

(a) Have the Contract completed in accordance with the terms and conditions by another contractor acceptable to the Lender and hired by the Surety, or

(b) Obtain a bid or bids acceptable to Lender of the lowest reasonable bondable bidder and arrange for an agreement between the bidder and the Lender.

3. Surety shall promptly pay directly to the entities or persons chosen under par. 2(a) or 2(b) sums reasonably necessary to complete the Contract or cure the defaults as the same become due. In no event shall Surety be obligated to pay more than the Penal Sum.

4. The Principal and Surety shall not be liable under this Bond to the Obligees, or either of them, unless the said Obligees, or either of them, shall make payments to the Principal in accordance with the terms of the Contract and Building Loan Agreement as to payments, and shall perform all the other obligations to be performed under the Contract and Building Loan Agreement at the time and in the manner therein set forth.

5. No suit, action, or proceeding by reason of any default whatever shall be brought on this bond after two years from the day on which the final payment under the Contract falls due.

6. The prior written approval of Surety shall be required with regard to any changes or alterations in said Contract where the cost thereof, added to prior changes or alterations, causes the aggregate cost of all changes and alterations to exceed ten percent (10%) of the original Contract price; but, except as to the foregoing, any alterations which may be made in the terms of the Contract, or in the work to be done under it, or the giving by the Obligees of any extension of time for the performance of the Contract, or any other forbearance on the part of either the Obligees or Principal to the other, shall not in any way release Surety or Principal of the obligations of this instrument, notice to Surety of any such alteration, extension, or forbearance being hereby waived.

7. The aggregate liability of Surety hereunder to the Obligees or their assigns is limited to the Penal Sum. Surety, upon making any payment hereunder, shall be subrogated to, and shall be entitled to an assignment of all rights of the Principal.

SIGNED AND SEALED this _____ day of _____, 20____.

ATTEST:

By: _____
(Principal) (Seal)

Its: _____
(Title)

ATTEST:

By: _____
(Surety) (Seal)

Its: _____
(Title)

ATTEST:

By: _____
Attorney-in-Fact

STATE OF MINNESOTA)

) ss.

COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____ 20__, by _____, the _____ of _____, a Minnesota _____, on behalf of said _____.

Notary Public

STATE OF MINNESOTA)

) ss.

COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____ 20__, by _____, the _____ of _____, a Minnesota _____, on behalf of said _____.

Notary Public