Call to order

1. Approval of the minutes of the (1) Regular HRA Meeting of May 16, 2016 and (2) Special Concurrent HRA, City Council and Planning Commission Workshop of May 24, 2016

2. HRA approval of the agenda

3. Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.

   A. Consideration of the approval of a resolution approving the First Amendment to Preliminary Development Agreement with Inland Development Partners, LLC and authorizing the Chairperson and Executive Director to execute the Agreement S.R. No. 18

   B. Consideration of the approval of a request to release a New Home second mortgage at 6822 Queen Avenue S.R. No. 19

4. Consideration of forgiveness of a Housing and Redevelopment Authority Deferred Loan at 7432 Washburn Avenue

   Staff Report No. 20

5. HRA discussion items

6. Executive Director report

7. Claims and payroll

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.
CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m.

ATTENDANCE

HRA Members Present: Mary Supple, Chair; David Gepner; Pat Elliott; Doris Rubenstein; and Debbie Goettel (arrived 7:03 p.m.)

Staff Present: Steven L. Devich, Executive Director and Karen Barton, Assistant Community Development Director

Item #1 APPROVAL OF THE MINUTES OF THE (1) SPECIAL CONCURRENT HRA, CITY COUNCIL AND PLANNING COMMISSION WORKSESSION OF APRIL 12, 2016 AND (2) REGULAR HRA MEETING OF APRIL 18, 2016

M/Rubenstein, S/Gepner to approve the minutes.

Motion carried 4-0.

Item #2 HRA APPROVAL OF THE AGENDA

M/Rubenstein, S/Elliott to approve the agenda.

Motion carried 4-0.

Item #3 CONSENT CALENDAR

A. Consideration of the approval of a resolution authorizing the HRA to affirm the monetary limits on municipal tort liability established by Minnesota Statute 466.04 S.R. No. 15

HRA RESOLUTION NO. 1226

RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED BY MINNESOTA STATUTES 466.04

This resolution appears as HRA Resolution No. 1226.
B. Consideration of the approval of a resolution authorizing the execution of an agreement with the Greater Metropolitan Housing Corporation for the acquisition, rehabilitation and sale of houses under the New Home Program utilizing Community Development Block Grant funds S.R. No. 16

HRA RESOLUTION NO. 1227

RESOLUTION APPROVING DEVELOPMENT AGREEMENT WITH GREATER METROPOLITAN HOUSING CORPORATION

This resolution appears as HRA Resolution No. 1227.

HRA Commissioner Goettel arrived.

M/Rubenstein, S/Elliott to approve the Consent Calendar.

Motion carried 5-0.

<table>
<thead>
<tr>
<th>Item #4</th>
<th>PUBLIC HEARING AND CONSIDERATION OF A RESOLUTION AUTHORIZING THE SALE OF 7309 10TH AVENUE TO ENDRES CUSTOM HOMES AND A CONTRACT FOR PRIVATE DEVELOPMENT WITH ENDRES CUSTOM HOMES FOR THE CONSTRUCTION OF A SINGLE FAMILY HOME THROUGH THE RICHLFELD REDISCOVERED PROGRAM S.R. NO. 17</th>
</tr>
</thead>
</table>

Assistant Community Development Director Barton presented Staff Report No. 17.

Sue Kimmel, 7214 Logan Avenue, stated that she is a long term Richfield resident and wanted to build a new home here.

HRA Commissioner Elliott asked about the appearance of the exterior.

Ms. Kimmel responded that they would use hardie board with a brown color to simulate the look of wood. The rest will be a light taupe color.

M/Goettel, S/Elliott to close the public hearing.

Motion carried 5-0.

M/Gepner, S/Goettel that the following resolution be approved:

HRA RESOLUTION NO. 1228

RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY LOCATED AT 7309 10TH AVENUE TO ENDRES CUSTOM HOMES

Motion carried 5-0. This resolution appears as HRA Resolution No. 1228.

<table>
<thead>
<tr>
<th>Item #5</th>
<th>HRA DISCUSSION ITEMS</th>
</tr>
</thead>
</table>

HRA Commissioner Elliott stated the he wanted to go through the claims and payroll to define anagrams.

<table>
<thead>
<tr>
<th>Item #6</th>
<th>EXECUTIVE DIRECTOR REPORT</th>
</tr>
</thead>
</table>

Executive Director Devich presented a brief update on the status of the Cedar Point II Boisclair Development. He stated that while the preliminary development agreement had
expired, the negotiations continue and that he believed a development agreement would be achieved.

Laurie Boisclair, President of Boisclair Corporation, addressed the HRA and stated that they are diligently working toward getting a development agreement put together for this project.

HRA Commissioner Goettel asked about recent communications with the residents in the affected areas.

Ms. Boisclair responded that there hadn’t been any recent communication, but that they are working on contacting residents with updated information. She also explained the delays in getting the project moved forward.

<table>
<thead>
<tr>
<th>Item #7</th>
<th>CLAIMS AND PAYROLL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M/Rubenstein, S/Elliott that the following claims and payroll be approved:</td>
</tr>
<tr>
<td><strong>U.S. BANK</strong></td>
<td><strong>05/16/2016</strong></td>
</tr>
<tr>
<td>Section 8 Checks: 127667-127745</td>
<td>$ 155,033.11</td>
</tr>
<tr>
<td>HRA Checks: 32680-32717</td>
<td>$ 61,827.80</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 216,860.91</td>
</tr>
</tbody>
</table>

Motion carried 5-0.

**ADJOURNMENT**

The meeting was adjourned by unanimous consent at 7:19 p.m.

Date Approved: May 16, 2016

Mary B. Supple
HRA Chair

Steven L. Devich
Acting City Clerk

Steven L. Devich
Executive Director
CALL TO ORDER

The concurrent worksession was called to order by Mayor/HRA Commissioner Goettel at 6:00 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Pat Elliott, Debbie Goettel, and David Gepner.

HRA Members Absent: Doris Rubenstein.

Council Members Present: Debbie Goettel, Mayor; Pat Elliott; Edwina Garcia; Tom Fitzhenry and Michael Howard.

Planning Commission Members Present: Erin Vrieze Daniels, Chair; and Sean Hayford Oleary.

Planning Commission Members Absent: Susan Rosenberg; Charles Standfuss; Gordon Vizecky; Rick Jabs; and Daniel Kitzberger.

Staff Present: Steven L. Devich, City Manager/Executive Director; John Stark, Community Development Director; Melissa Poehman, City Planner; and Theresa Schyma, Deputy City Clerk.

| Item #1 | DISCUSSION REGARDING CEDAR CORRIDOR MASTER PLAN UPDATE (COUNCIL MEMO NO. 34/HRA MEMO NO. 14) |

Michelle Mongeon Allen, JLG Architects, presented preliminary Comprehensive Plan and Zoning District designation options for the Cedar Corridor area.

Community Development Director Stark stated that staff is requesting feedback and clarification from the three policy bodies regarding any changes they would like to see to the Cedar Corridor Master Plan so that those ideas can be incorporated into the draft documents that will be presented at a community open house scheduled for June 1, 2016.

The City Council, HRA Commissioners and Planning Commission Members discussed the differences between Mixed Use Neighborhood, Mixed Use Community and Mixed Use Regional; attracting businesses that will hire locally for living wage jobs; overlay zoning; finding a theme in the area for marketing purposes; finding a balance between businesses that are complimentary to the airport and residential neighborhoods; and inclusionary housing.
Community Development Director Stark stated that finding a balance between thinking big versus impacts to the surrounding residential area is more in the details and scale of the potential businesses than in specific use.

The consensus was that there needs to be flexibility in the plan for when the market and economy meander. Furthermore, the consensus was to start in a broad place and get feedback from the community with specific examples, descriptions and visuals so that people are able to envision the future of the area.

City Manager Devich stated that the Cedar Corridor is a big chance to attract businesses that make sense for the City, especially when the underpass is complete and the area will be in very high demand.

City Planner Poehlman asked if there were any strong feelings about the 18th Avenue alignment option.

The consensus was the 18th Avenue alignment is still the best option.

The concurrent worksession was adjourned by unanimous consent at 6:50 p.m.

Date Approved: June 20, 2016.

Mary B. Supple  
Chair

Theresa Schyma  
Deputy City Clerk

Steven L. Devich  
City Manager/Executive Director
ITEM FOR HRA CONSIDERATION:
Consideration of an amendment to the Inland Partners, LLC Preliminary Development Agreement.

I. RECOMMENDED ACTION:
By Motion: Approve the resolution approving the First Amendment to Preliminary Development Agreement with Inland Development Partners, LLC and authorizing the Chairperson and Executive Director to execute the Agreement.

II. EXECUTIVE SUMMARY
The Richfield Housing and Redevelopment Authority (HRA) and Inland Partners, LLC (Developer) entered into a Preliminary Development Agreement, dated October 19, 2015, which sets forth the Developer's intentions to develop a portion of HRA owned property in the Cedar Corridor, and the conditions under which the Developer will undertake the Project.

The original agreement expires on July 31, 2016. Due to delays imposed by the planning of Richfield Parkway through the proposed development, the Developer is requesting an extension of the termination date of the Preliminary Agreement to November 30, 2016.
Extension of the termination date will allow the Developer time to finalize the site plan reflective of the routing of Richfield Parkway and provide time to draft the subsequent Contract for Private Development between the HRA and the Developer.

III. BASIS OF RECOMMENDATION

A. BACKGROUND

- Anderson Companies (d/b/a Inland Partners LLC) is proposing to acquire a number of HRA owned properties in the Cedar Corridor between 66th Street and 68th Street, and Cedar Avenue and 17th Avenue, for development of approximately 300 rental housing units.
- Richfield Parkway south of 66th will run through the proposed development and eventually continue to 77th Street.
- In an effort to ensure the most effective routing of Richfield Parkway, a comprehensive public process was initiated earlier this year resulting in a several-month delay to the Developers in finalizing the site plan.
- Routing of Richfield Parkway through the proposed development was approved by the City Council on April 26, 2016.
- All requirements of the Developer in the Preliminary Development Agreement have been met with the exception of entering into a Contract for Private Development and Purchase Agreement.

B. POLICY

- 2008 Comprehensive Plan:
  - Maintain a housing supply that meets changing needs while sustaining the integrity of existing neighborhoods;
  - Maintaining a diversity of housing types and prices ranges.

C. CRITICAL TIMING ISSUES

- The Preliminary Development Agreement expires on July 31, 2016.

D. FINANCIAL

- The Preliminary Development Agreement provides for the reimbursement of all out-of-pocket administrative costs incurred by the HRA relating to the negotiation and preparation of the Agreement and other documents and agreements in connection with the activities and the prospective development project, as well as reimbursement of nominal staff time in the amount of $2,000.
- The development is in an existing Tax Increment Financing (TIF) Redevelopment District; however, establishment of a new Housing TIF District may be considered. Any financial assistance to the development through TIF would require verification of necessity and approval by the City Council and HRA.
E. Legal
- The HRA attorney drafted the First Amendment to the Preliminary Development Agreement.
- Eventual redevelopment of the HRA property will be in accordance with a Contract for Private Development or other agreements.

IV. Alternative Recommendation(s)
- Do not approve the resolution.

V. Attachments
- Resolution
- First Amendment to Preliminary Development Agreement

VI. Principal Parties Expected at Meeting
- Representatives of Inland Partners may be in attendance.
RESOLUTION APPROVING FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT WITH INLAND DEVELOPMENT PARTNERS, LLC

WHEREAS, the City of Richfield, Minnesota (the “City”) was the owner of certain property located within the City (the “Properties”) and has conveyed such Properties to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) for purposes of development; and

WHEREAS, Inland Development Partners, LLC, a Minnesota limited liability company (the “Developer”) has proposed purchasing the Properties from the Authority for the purpose of developing an approximately 300 unit apartment building thereon (the “Project”); and

WHEREAS, the City, the Authority, and the Developer previously entered into a Preliminary Development Agreement, dated October 19, 2015 (the “Preliminary Development Agreement”), which sets forth the Developer’s intentions and the conditions under which the Developer will undertake the Project; and

WHEREAS, the Developer has requested an extension of the termination date of the Preliminary Development Agreement and the Board of Commissioners of the Authority has been presented with a First Amendment to Preliminary Development Agreement, between the Authority and the Developer (the “First Amendment to Preliminary Development Agreement”); and

WHEREAS, Section 5 of the Preliminary Development Agreement provides the Board of the Authority to authority to extend the termination date of the Preliminary Development Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The First Amendment to Preliminary Development Agreement presented to the Authority and on file with the Community Development Director is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chairperson and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.

2. The Chairperson and Executive Director are hereby authorized to execute the Preliminary Development Agreement on behalf of the Authority and to carry out on behalf of the Authority the Authority’s obligations thereunder.
Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of June, 2016.

ATTEST:

Mary Supple, Chair

Doris Rubenstein, Secretary
FIRST AMENDMENT TO
PRELIMINARY DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into this ___ day of June, 2016, by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (“HRA”) and Inland Development Partners, LLC a Minnesota limited liability company (the “Developer”) amends the Preliminary Development Agreement, dated October 19, 2015, between the HRA, the Developer, and the City of Richfield, Minnesota (the “City”).

AGREEMENT

In consideration of the premises and mutual obligations of the parties contained herein, each of them does hereby represent, covenant and agree with the other as follows:

1. City-Owned Property. The property described as the “City-Owned Property” in the Preliminary Development Agreement, and specifically in Exhibit A of the Preliminary Development Agreement, is now owned by the HRA.

2. Term of Preliminary Development Agreement. The Preliminary Development Agreement is effective from the date of the Preliminary Development Agreement through November 30, 2016, unless extended with approval of the HRA’s Board of Commissioners, provided, in the event either party, after consultation with the other party, determines in good faith that the other party is not diligently pursuing the Project or its obligations hereunder; or the Developer determines, in good faith, that the Project is not feasible, such determining party may terminate this Agreement upon thirty days written notice to the other. The HRA may also terminate this Agreement for failure of the Developer to provide additional funds pursuant to Section 6 below. The parties each waive any claim or cause of action that they may have against the other party based upon the termination of this Agreement by such other party. The parties may, by mutual written agreement, extend this Agreement for such further periods as determined to be appropriate from time to time.

3. Confirmation of Preliminary Development Agreement. Except as specifically amended by this First Amendment to Preliminary Development Agreement, the Preliminary Development Agreement is hereby ratified and confirmed, and remains in full force and effect.

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the parties have executed this Agreement effective the date and year first above written.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA

By: ____________________________
   Mary Supple
   Its: Chair

INLAND DEVELOPMENT PARTNERS, LLC, a Minnesota limited liability company

By: ____________________________

By: ____________________________
   Steven Devich
   Its: Executive Director
## EXHIBIT A
### CITY OWNED PROPERTY

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<tr>
<td>6744 Cedar Avenue South</td>
<td>26-028-24-41-0099</td>
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</table>
ITEM FOR HRA CONSIDERATION:
Consideration of a request to release a New Home second mortgage at 6822 Queen Avenue.

I. RECOMMENDED ACTION:
By Motion: Approve a release of a New Home second mortgage at 6822 Queen Avenue.

II. EXECUTIVE SUMMARY
Reed and Melodee Andersen (Homeowners) purchased the home at 6822 Queen Avenue in 1983 with the help of a $20,000 second mortgage through the Housing and Redevelopment Authority’s (HRA) New Home Loan Program.

Due to confusing and ambiguous language in the HRA mortgage (Mortgage) and Promissory Note (Note) as written at the time, the documents are no longer enforceable.
- The Note matures (is due and payable) upon various occurrences, including upon payment in full of the first mortgage. The first mortgage was satisfied in 2002; however, the Note is only enforceable for up to six years after it becomes due, so the ability to enforce the Note expired in 2008.
• The Mortgage was executed without a maturity date, making it automatically a 15-year mortgage. The ability to enforce the Mortgage therefore expired in 1998.

The HRA attorney has advised that the HRA provide a Release of Mortgage to the homeowners to allow them to clear the property title of the mortgage.

III. BASIS OF RECOMMENDATION

A. BACKGROUND
• In 1983, the Homeowners purchased the home at 6822 Queen Avenue through the HRA’s New Home Program. The gap between the purchase price and the mortgage that the Homeowners could afford was covered with a loan from the HRA in the amount of $20,000, which was evidenced by a Promissory Note and secured by a second mortgage in favor of the HRA.
• Instead of listing a specific maturity date, the Mortgage refers to the Note for the conditions under which the Mortgage matures. The Note lists several conditions, including that the Note is due and payable upon payment in full of the first mortgage or refinancing.
• The Homeowners repaid their first mortgage in 2002. The HRA was unaware that the first mortgage was satisfied and therefore, was not able to require repayment of the HRA mortgage at that time.
• The Homeowners were unaware that the HRA required repayment at the time the first mortgage was satisfied.

B. POLICY
• The New Home Program requires all second mortgages to be due and payable upon the maturity date or upon various other events of maturity provided in the Note.

C. CRITICAL TIMING ISSUES
• The Homeowners are in the process of doing estate planning and recently contacted HRA staff with questions about the Note provisions. As part of this planning, they would like to clear the title.

D. FINANCIAL
• The HRA’s loan to the Homeowners was originally financed with Community Development Block Grant (CDBG) funding. There is no requirement that CDBG funds be repaid.

E. LEGAL
• For the HRA to enforce the Note and require repayment, the HRA would need to file civil action. The HRA Attorney has determined that the HRA would not likely succeed in this action.
• The HRA Attorney prepared the Release of Mortgage.
IV. **ALTERNATIVE RECOMMENDATION(S)**

- Decide not to provide the Release. At the time the property is sold, the Homeowners would have to pursue other avenues to clear the title of the HRA Mortgage.
- Enforce the Note and pursue all legal remedies to seek loan repayment.

V. **ATTACHMENTS**

- Release of Mortgage

VI. **PRINCIPAL PARTIES EXPECTED AT MEETING**

- N/A
RELEASE OF MORTGAGE

Date: June 16, 2016

FOR VALUABLE CONSIDERATION, the real property in Hennepin County, Minnesota which is described as Lot 6, Block 2, Tingdale Bros. Lincoln Hills, Third Addition, Hennepin County, Minnesota, is hereby released from the lien of the Mortgage, owned by the undersigned, dated November 1, 1983, executed by Reed D. Andersen and Melodee L. Andersen, husband and wife, Mortgagors, to Housing and Redevelopment Authority in and for the City of Richfield, as Mortgagee, and filed for record November 15, 1983 as Document No. 4844809, in the Office of the County Recorder of Hennepin County, Minnesota.

Housing and Redevelopment Authority in and for the City of Richfield

By ____________________________
   Its Chairperson

By ____________________________
   Its Executive Director
STATE OF MINNESOTA } ss.
COUNTY OF HENNEPIN

The foregoing was acknowledged before me this ___ day of __________, 2016, by __________________, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, on behalf of the corporation, Grantor.

________________________
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

STATE OF MINNESOTA } ss.
COUNTY OF HENNEPIN

The foregoing was acknowledged before me this ___ day of __________, 2016, by __________________, the Executive Director of Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the corporation, Grantor.

________________________
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

This document drafted by:
Housing and Redevelopment Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
ITEM FOR HRA CONSIDERATION:
Consideration of forgiveness of a Housing and Redevelopment Authority Deferred Loan at 7432 Washburn Avenue.

I. RECOMMENDED ACTION:
By Motion: Approve a proposal made by the owner of 7432 Washburn Avenue to forgive a $15,000 Deferred Loan.

II. EXECUTIVE SUMMARY
In 2000, Gladys Landers, (Homeowner) of 7432 Washburn Avenue received a Deferred Loan for $15,000 to make improvements to her home. The loan carries a 30-year term with no interest and no payments and is due to be forgiven June 21, 2030.

Due to medical reasons that require her to relocate, the Homeowner is attempting to sell the property. The first mortgage is a reverse mortgage and the balance is $122,500. The Homeowner received three offers to purchase the property. The offer with the greatest net value is for $138,000.

After satisfying the first mortgage, paying fees, commissions and closing costs, the Homeowner is unable to repay all her debts. She is therefore asking the Housing and Redevelopment Authority (HRA) to forgive the Deferred Loan.
III. **Basis of Recommendation**

**A. Background**

- In 2000 the Homeowner received a Deferred Loan in the amount of $15,000 in order to make necessary repairs to her home.
- The loan is deferred with no payments or interest and is forgiven after 30 years. If the property is sold or transferred within the 30-year period, the loan becomes due and payable.
- In 2004, the HRA agreed to subordinate to a reverse mortgage.
- The current Hennepin County Estimated Market Value is $161,000.
- The attached letter from the realtor describes the circumstances that have led to the need to sell the home.
- After paying off the reverse mortgage, fees and commissions, and closing costs, the settlement leaves the Homeowner unable to repay the HRA’s Deferred Loan.

<table>
<thead>
<tr>
<th>Debt</th>
<th>Amount Owed</th>
<th>Proposed Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reverse Mortgage (Financial Freedom)</td>
<td>$126,375</td>
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<tr>
<td>Settlement Charges</td>
<td>$11,431</td>
<td>$11,431</td>
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<tr>
<td>Deferred Loan (HRA)</td>
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<td>$0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$152,806</strong></td>
<td><strong>$137,806</strong></td>
</tr>
</tbody>
</table>

**B. Policy**

- The Deferred Loan Program provides loans to homeowners earning less than 80 percent of the Twin Cities Area Median Income (AMI) to make repairs and improvements that address health, safety and/or property maintenance items.
- The Mortgage Foreclosure Response Program Procedural Guidelines state as follows: “Staff will consider short sale offers and negotiate as high of repayment as possible. Action will be taken quickly so as to not disrupt the short sale opportunity and cause the homeowner to enter into foreclosure.”
- Neighborhoods in which there are one or more foreclosed and vacant homes have detrimental impacts on the surrounding property values. The Buyer is an investor who plans to make improvements to the home.
- The entire loan amount is normally due and payable if the property is sold within the 30-year period, regardless of the number of years remaining on the loan.

**C. Critical Timing Issues**

- The sale of the property was to have closed the week of June 13. The Buyer agreed to defer closing until after the HRA’s decision.
- If the HRA does not agree to forgive the mortgage, the sale will be cancelled and the property will enter foreclosure.
D. **FINANCIAL**

- The HRA has a subordinated position to the primary lender. If the property is foreclosed by the lender, the HRA would also receive nothing.
- The Deferred Loan Program is funded with federal Community Development Block Grant (CDBG) funds. There is no federal requirement that the money be repaid.
- The HRA has received eight requests for a short sale settlement in the past four years. The HRA agreed to the following settlements:
  - $1,000 out of $10,345 (10%)
  - $2,500 out of $25,000 (10%)
  - $1,000 out of $1,577 (63%)
  - $0 out of $8,249.95 (0%)
  - $2,600 out of $26,000 (10%)
  - $5,040 out of $10,080 (50%)
  - $26,094.28 out of $30,000 (87%)
  - $2,384 out of $15,892.34 (15%)

E. **LEGAL**

- The HRA has the authority to negotiate a settlement or forgive the loan.
- The Deferred Loan Program is funded with federal Community Development Block Grant (CDBG) funds. There is no federal requirement that the money be repaid.

IV. **ALTERNATIVE RECOMMENDATION(S)**

- Deny the request for forgiveness; however, the property will likely go into foreclosure, the HRA will receive no funds, and the property will remain vacant until the foreclosure process is complete.

V. **ATTACHMENTS**

- Letter from Ted Field, Remax Realtor

VI. **PRINCIPAL PARTIES EXPECTED AT MEETING**

- Shirley Tormoen, Power of Attorney and sister of the Homeowner
- Kelley Krueger, RE/MAX Results
JUNE 9, 2016

Housing & Redevelopment Authority
6700 Portland Ave South, Richfield, MN 55423

RE: 7432 Washburn Ave South

Dear Housing Specialist,

In regard to the property located at 7432 Washburn Ave South in Richfield, we are requesting consideration for complete loan forgiveness. The homeowner, Gladys Landers, is currently under the care of her sister, Shirley Tormoen, as Gladys has progressive Alzheimer’s disease. Shirley was unaware that her sister had taken out a loan for her property and will not have proceeds to pay for the loan from the sale of the property. The property currently has a reverse mortgage that will be paid off from the sale with little proceeds to Gladys. If this loan is not forgiven, the home will go into foreclosure. The current buyer’s intentions for the property is to remodel and bring the home back to its former condition. If there is any other information that you need, please let us know.

Warm regards,

Ted Field

Ted Field, REALTOR®

Homeowner: Gladys Landers

Personal Representative: Shirley Tormoen
4215 Columbus Ave South
Minneapolis, MN 55407
612-827-7689 (Home)
651-361-0929 (Cell)