



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
JUNE 17, 2019
7:00 PM**

Call to Order

Approval of the minutes of the: (1) Special concurrent City Council and Housing and Redevelopment Authority meeting of May 20, 2019; and (2) Regular Housing and Redevelopment Authority meeting of May 20, 2019.

AGENDA APPROVAL

1. Approval of the Agenda
2. **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. Consider approval of revisions to the First Time Homebuyer Program Guidelines.
Staff Report No. 24
 - B. Consider adoption of a resolution approving a Subordination Agreement and Estoppel Certificate related to construction financing for the Cedar Point II townhomes.
Staff Report No. 25
3. Consideration of items, if any, removed from Consent Calendar

PUBLIC HEARINGS

4. Public hearing and consider adoption of a resolution authorizing the sale of 6412 Bloomington Avenue to Endres Custom Homes and the approval of a Contract for Private Development with Endres Custom Homes for the construction of a single family home through the Richfield Rediscovered Program.
Staff Report No. 26

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS AND PAYROLLS

7. Claims and Payrolls

8. 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.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Special Concurrent City Council and Housing and Redevelopment Authority Work Session

May 20, 2019

CALL TO ORDER

The work session was called to order by Chair Supple at 5:30 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; Sue Sandahl; and Erin Vrieze Daniels.

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple; Edwina Garcia, and Ben Whalen.

Council Members Absent: Simon Trautmann.

Staff Present: Katie Rodriguez, City Manager; John Stark, HRA Executive Director/Community Development Director; Julie Urban, Housing Manager; and Melissa Poehlman, Assistant Community Development Director.

Item #1	REDEVELOPMENT PRIORITIES
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Community Development Director Stark presented an overview of redevelopment and the agenda for the work session.

Policymakers spent time answering the question, "Why do we redevelop?" Community Development Director Stark and Assistant Community Development Director Poehlman described several geographic areas that are identified for potential redevelopment in the Comprehensive Plan, along with topic areas of Housing Opportunities and Missing Uses and described the strengths, weaknesses, opportunities, and threats (SWOTs) of each area. Policymakers added to SWOTs to each area.

Assistant Community Development Director Poehlman and Housing Manager Urban asked policymakers to then prioritize four of the areas. Working in pairs they narrowed down the priorities to two areas and presented those priorities to the group. Results indicated that specific geographic areas were less of a priority and that jobs, new/missing uses, and housing were important to the group.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:58 p.m.

Date Approved: June 17, 2019

Mary B. Supple
HRA Chair

Kate Aitchinson
Housing Specialist

John Stark
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

May 20, 2019

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:19 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; Sue Sandahl; and Erin Vrieze Daniels.

Staff Present: John Stark, Executive Director; Melissa Poehlman, Assistant Community Development Director; Julie Urban, Housing Manager; Julie Eddington, HRA Attorney; Rebecca Kurtz, Ehlers & Associations; and Kate Aitchison, Housing Specialist.

APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/Elliott to approve the Special concurrent City Council and Housing and Redevelopment Authority meeting of April 15, 2019; Regular Housing and Redevelopment Authority meeting of April 15, 2019; and Special concurrent City Council, Housing and Redevelopment Authority, and Planning Commission work session of May 7, 2019

Motion carried 5-0.

Item #1	APPROVAL OF THE AGENDA
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M/Elliott, S/Vrieze Daniels to approve the agenda.

Motion carried 5-0.

Item #2	CONSENT CALENDAR
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Executive Director Stark presented the consent calendar:

- A. Consider adoption of a resolution authorizing the Housing and Redevelopment Authority to affirm the monetary limits on statutory municipality tort liability. (S.R. No. 18)
- B. Consider adoption of a resolution authorizing execution of a Development Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of houses under the New Home Program utilizing Federal Fiscal Year 2018 Community Development Block Grant funds. (S.R. No. 19)

- C. Consider adoption of a resolution approving an Assumption Agreement between NHH Companies, LLC, Cedar Point Investments LLC, and the Housing and Redevelopment Authority. (S.R. No. 20)
- D. Consider adoption of a resolution adopting a modification to the Tax Increment Financing Plan for the Lyndale Gardens Tax Increment Financing District. (S.R. No. 21)

M/Sandahl, S/Regan Gonzalez to approve the consent calendar.

Motion carried 5-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

Item #4	CONTINUATION OF A PUBLIC HEARING FROM APRIL 15, 2019 AND CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE SALE OF 6310 IRVING AVENUE SOUTH TO TWIN CITIES HABITAT FOR HUMANITY AND THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT FOR THE CONSTRUCTION OF A SINGLE FAMILY HOME. (S.R. NO. 22)
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Housing Specialist Kate Aitchison presented Staff Report No. 22.

Commissioner Sandahl asked about the alley serving the property and the scenarios that have been explored by staff. Housing Specialist Aitchison explained the various options that were explored for this development.

Chair Supple opened the public hearing.

Thomas Dallman, 6309 James Avenue, expressed his disappointment that the alley will continue to be in use. He stated that there are negative impacts on his property with cars and pedestrians accessing the alley. He stated that the adjacent home is very small and in poor condition and should be acquired to combine lots for more efficient size. He also inquired into the materials to be used for the alley.

Commissioner Elliott asked about whether the neighbors would be assessed for this alley improvement. Housing Specialist Aitchison stated that Twin Cities Habitat for Humanity would assume the full cost of the construction of the alley.

Judy Moe, currently displaced but a former resident of Richfield, stated her support for the development of this property. She stated she is in the process of applying for housing with Twin Cities Habitat for Humanity and hopes to stay in Richfield in the future. She stated her support for this type of housing, as it is very important for the community.

Raven Moe, currently displaced by a former resident of Richfield, stated that she doesn't currently have permanent housing. She voiced her support for this type of development because the accessibility components included are important.

M/Sandahl, S/Vrieze Daniels to close the public hearing.

Motion carried 5-0.

Chair Supple asked about the value and sale price of the property. Housing Specialist Aitchison responded and provided more details about the \$1 price for Twin Cities Habitat for Humanity.

Commissioner Vrieze Daniels asked about garbage pickup. Housing Specialist Aitchison responded with details about garage placement and alley layout.

M/Regan Gonzalez, S/Sandahl to adopt a resolution authorizing the sale of 6310 Irving Avenue South to Twin Cities Habitat for Humanity, and approve a Contract for Private Development with Twin Cities Habitat for Humanity for the construction of a single family home, contingent upon final Housing and Redevelopment Authority's Attorney review.

Commissioner Vrieze Daniels stated that the positive features of this development outweigh the negatives and has her support.

Chair Supple stated her support for the accessibility-features included in development.

Motion carried 5-0.

Item #5	PUBLIC HEARING AND CONSIDER ADOPTION OF A RESOLUTION APPROVING A CONTRACT FOR PRIVATE DEVELOPMENT WITH MWF PROPERTIES FOR REDEVELOPMENT OF THE CITY GARAGE SOUTH SITE AT 7700 PILLSBURY AVENUE S WITH 55 UNITS OF AFFORDABLE WORKFORCE HOUSING. (S.R. NO. 23)
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Housing Manager Julie Urban presented Staff Report No. 23. Executive Director John Stark added that two work sessions were held with policymakers and that while there are some unanswered questions about design, those would still be addressed during the approvals process with the Planning Commission and City Council.

Chair Supple opened the public hearing.

Tim Carter of Richfield Bloomington Honda, located at 501 77th Street West, stated that he is currently leasing the site from the city for employee parking, and that 170 employees park there and walk to work. He anticipates future growth in his business and number of employees and would need to find a new solution for parking for his employees. He stated he appreciates the communication that he has received from the city about this projects and its impacts on his business.

Luci Peterson, 2500 66th Street West, Apartment 308, spoke in favor of the project. Peterson stated that a flyer at VEAP's office in Bloomington shows that Richfield has fewer affordable housing opportunities than surrounding communities. Peterson stated the need for affordable housing and shared their personal experience looking for supportive, affordable housing.

Judy Moe, currently displaced but a former resident of Richfield, stated her support for the project. She explained her current housing situation and the high costs of rent. She stated her need for housing with an elevator, hardwood floors and wider doorways to accommodate her daughter's wheelchair. She stated that she believes the site is good because it is on a bus route, near amenities. She stated that she would live there and many others in need of housing would as well. She stated that she believes some concerns can be addressed, and then people should be given the ability to decide if they want to live at this property.

M/Regan Gonzalez, S/Vrieze Daniels to close the public hearing.

Motion carried 5-0.

Commissioner Elliott stated that he is planning to vote against the project as he has continued objections to this specific site for housing.

Commissioner Elliott asked how site control under the developer will impact Mr. Carter's current situation. Housing Manager Urban stated that the closing of the property wouldn't happen until the Tax Credits are awarded, likely in the year 2020. Commissioner Elliott asked for clarification on what 'site control' means for the developer. Housing Manager Urban stated that it means the developer has a Purchase Agreement and has shown they have the ability to officially acquire the property.

Commissioner Elliott asked if 4(D) tax credits will impact the TIF analysis. Executive Director Stark stated that the TIF analysis does include those tax credits and still allows for the city to receive the expected TIF payment. Commissioner Elliott asked for clarification on the timeline for the project. Housing Manager Urban responded.

Commissioner Elliott asked for clarification on the income-averaging that will occur with the tenants of this project.

Chris Stokka, MWF Properties, explained the new formula that is being used for the tax credit applications. He explained that a certain number of units will be allocated at each income level. No households will be over 70% of Median Area Income.

Commissioner Elliott asked for clarification on rent prices. Mr. Stokka responded and provided estimated rents for the units.

Commissioner Elliott asked about screening criteria for applicants and the status of individuals or families. Mr. Stokka stated that the management company they use is well versed in Fair Housing laws and that they will not discriminate on familial status.

Commissioner Elliott asked where the children who live in the building will play. Mr. Stokka responded that a 'tot-lot' will be on-site for children ages 3-7. Older children typically go off-site for activities. A community room and fitness center will also be provided.

Commissioner Elliott asked about pedestrian access across 77th Street. Mr. Stokka stated that further conversations haven't happened yet, but that it will be addressed as part of the land use approval process once the site is under contract.

Commissioner Elliott asked about the open house that was held. Mr. Stokka responded that the open house went well, and was attended by policymakers and city-staff. Executive Director Stark stated that it was a well-attended open house, and that numerous small-business owners attended as well. Their concerns were focused on future land-use of the area, as well as parking and traffic. Three residents attended and provided positive feedback.

Commissioner Elliott asked about traffic management plans. Housing Manager Urban stated that those concerns would all be addressed during the land use approvals process. Executive Director Stark stated that some high-level conversations have been had concerning 77th Street in a broader context.

Commissioner Regan Gonzalez stated she received three letters of support from residents for this property. She asked for clarification on the timing of this development. Housing Manager Urban responded that land use approvals would be required by June 1, 2020, and they would be expected to close in the Fall of 2020.

Chris Stokka, MWF Properties, stated they would be ready at the earliest in April or May of 2020, but they are willing to work with the city and Mr. Carter on timing.

Commissioner Regan Gonzalez clarified that this decision isn't final, and that there would be continued conversations about design and amenities. Mr. Stokka responded that yes, they would begin bringing in engineers and architects to really finalize the plans.

Commissioner Regan Gonzalez also stated that she believes it is a quality project that will benefit families, residents with disabilities and supportive services. She stated she believes it is important to keep addressing concerns from the nearby businesses. She stated she'd like to see what the impacts of 494 reconstruction and the Highway 77 underpass will have on this area. She also stated her desire to continue working with Mr. Carter on his parking needs.

Executive Director Stark stated that city staff has had conversations with Mr. Carter about other possibilities. He has a current Interim Use Permit (IUP), which can only last for 5 years, so the timing of the issue isn't based on this development. Both parties are exploring other options.

Commissioner Regan Gonzalez asked when the tax credits will be awarded. Mr. Stokka, MWF Properties, stated they will be notified on November 1, 2019.

Commissioner Vrieze Daniels stated her support for the project, despite the challenges that need to be addressed.

Commissioner Sandahl asked for clarification on the number of units. Mr. Stokka, MWF Properties, stated that it will be based on land use approvals from the city. Commissioner Sandahl asked about parking. Mr. Stokka stated that they are planning on 1.5 stalls/unit for parking. She stated her concern over this proposal being surrounded by commercial business, but that she will support it because it is a type of housing that we need. She suggested Mr. Carter talk to area churches about parking options.

Chair Supple stated her support for this project and its focus on lower-income households, as well as the accessibilities features and supportive services. She stated she did attend the open house and stated her desire to continue addressing concerns.

M/Regan Gonzalez, S/Vrieze Daniels to adopt a resolution approving a Contract for Private Development with MW F Properties for the City Garage South site at 7700 Pillsbury Avenue S and selling the Housing and Redevelopment Authority owned property to MW F Properties.

Motion carried 4-1, with Commissioner Pat Elliott voting nay.

Item #6	HRA DISCUSSION ITEMS
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Chair Supple announced upcoming Southdale Library Open Houses: May 30th from 6 PM – 8 PM, and June 8th from 10 AM – 12 PM.

Commissioner Regan Gonzalez thanked staff for the redevelopment study session that was held prior to the HRA meeting.

Commissioner Sandahl stated that the Richfield Bandshell Opening will be held on June 9th at 6 PM. There will be 2 bands performing.

Commissioner Vrieze Daniels asked about a concern voiced by residents that when they purchase a home they do not know what the zoning is. She asked that it be included in future conversations. Executive Director Stark stated that it can be addressed in the future.

Item #7	EXECUTIVE DIRECTOR REPORT
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None.

Item #8	CLAIMS AND PAYROLLS
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M/Sandahl, S/Regan Gonzalez that the following claims and payroll be approved:

U.S. BANK	05/20/2019
Section 8 Checks: 130707 - 130791	\$168,922.19
HRA Checks: 33636 - 33646	\$3,834.28
TOTAL	\$172,756.47

Motion carried 5-0.

Item #9	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 8:29 p.m.

Date Approved: June 17, 2019

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

John Stark
Executive Director



STAFF REPORT NO. 24
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
6/17/2019

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
6/7/2019

ITEM FOR COUNCIL CONSIDERATION:

Consider approval of revisions to the First Time Homebuyer Program Guidelines.

EXECUTIVE SUMMARY:

The First Time Homebuyer Program (Program) Guidelines were approved by the Housing and Redevelopment Authority (HRA) in July of 2018 and updated to incorporate additional federal requirements in November 2018. Since the Program launched, there has been considerable interest from both Richfield renters and those from other communities looking to move to Richfield. There have been two first time homebuyer loans completed thus far. An additional three applicants have been pre-approved; however, they have been unable to find homes given the high prices and low inventory available. Of those who have been pre-approved, two have started to search for homes in other cities due to how difficult it is to compete for a home in Richfield.

In order to most effectively use the funds and promote affordable home ownership in Richfield, staff recommends making the following changes to the Program guidelines:

1. Remove the requirement that applicants be current Richfield renters, thus creating affordable home ownership opportunities for more low and moderate income buyers who are looking to purchase in Richfield.
2. Maintain the base loan amount at a maximum of \$10,000 but allow eligible households to receive an additional \$5,000 for a total loan amount up to \$15,000. Eligible households would need to meet at least one of the following:
 - applicant is a current Richfield renter;
 - the household has at least one dependent under the age of 18; or
 - one or more household members has a documented disability.

These groups were selected based on research done by the Minnesota Housing Finance Agency that outlined the most effective methods of addressing disparities and targeting under served populations.

3. Remove the requirement that applicants use a Minnesota Housing approved lender, per a recommendation from Minnesota Housing staff.

RECOMMENDED ACTION:

By motion: Approve revisions to the First Time Homebuyer Program Guidelines.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Program Guidelines were initially approved by the HRA in July of 2018.
- Revisions to the Program Guidelines were approved in October of 2018.

- In 2017 and again in 2018, the Star Tribune listed Richfield as the hottest housing market in the Twin Cities. This measure was based on price, time on the market, seller discounts and the number of short-sales/foreclosures in the community. These factors have led to a low inventory of houses for sale and rising home prices, making it difficult for low and moderate income households to afford a home in Richfield.
- Over the years, various HRA programs have been available to assist first time homebuyers with rehabilitation of their new homes and low income buyers to purchase homes. Richfield has never previously administered a first time homebuyer program.
- The demand for down payment assistance is great, as homebuyers struggle to meet rising home prices without taxing their monthly spending.
- Staff began discussions about the potential Program in 2017 and has since met with various stakeholders and partners to discuss the Program Guidelines and administration.
- Two down payment assistance loans have been issued through the Program.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- It is the HRA's policy to provide homeownership opportunities to households of a variety of income levels.
- In 2013, the Richfield HRA adopted a Housing Visioning Statement that states: "*Richfield is a sustainable community that is known for its strong, vibrant and eclectic, amenity-rich neighborhoods supported by a full range and balance of housing types that match the choices of its diverse residents at every stage of their lives.*"
 - The Housing Visioning Task Force explained that the phrase "match the choices of its diverse residents at every stage of their lives" to mean: "*that the City has what residents want, not just what they have to adapt to. The Task Force supports a broad definition of diversity. These varied housing offerings mean that residents can stay in the community their whole lives and find housing that meets their needs and their preferences.*"
- All Community Development Block Grant (CDBG) funded activities must meet one of three national objectives: benefiting low and moderate income persons, preventing or eliminating slums and/or blight, or meet an urgent need. In addition, activities must be consistent with priorities identified in the County's Consolidated Plan. Those priorities include a variety of housing activities such as housing rehabilitation, preserving and creating homeownership opportunities, public services to maintain or increase self-sufficiency, and neighborhood revitalization activities.

C. CRITICAL TIMING ISSUES:

- The revisions are recommended by staff in order to address current affordable housing needs and effectively utilize the funds during the CDBG program year.
- The CDBG 2018 program cycle ends July 1, 2019. An extension to utilize the funds has been filed and will give until December 31, 2019 to utilize 2018 funds. If not spent it will be reprogrammed to the Deferred Loan program.
- The 2019 CDBG program cycle ends July 1, 2020.

D. FINANCIAL IMPACT:

- For FFY 2018, \$50,000 has been budgeted for the Program with \$40,000 remaining.
- For FFY 2019 an additional \$50,000 has been budgeted for the Program.
- The funding source for the Program is federally-funded CDBG, which Richfield receives as part of the Consolidated Pool through Hennepin County.
- Funds will be distributed in the form of a no-interest loan to buyers that will be forgiven on a pro-rated basis over ten years.
- The maximum individual loan amount is currently \$10,000. Staff is proposing raising that amount to \$15,000 for applicants who meet additional criteria.
- If the full amount of funding is not expended within the required time period, it can be moved to the Richfield Deferred Loan Program, which provides rehabilitation loans for low and moderate-income households in Richfield.

E. LEGAL CONSIDERATION:

- The HRA Attorney has reviewed the Program Guidelines.

ALTERNATIVE RECOMMENDATION(S):

- The HRA may choose to not approve the recommended revisions to the First Time Homebuyer Program Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
▣	First Time Homebuyer Guideline- Revised	Cover Memo

**City of Richfield
First Time Homebuyer Program**

Part I: GENERAL PROGRAM DESCRIPTION

Program Overview

The Richfield Housing and Redevelopment Authority (HRA) offers a financial assistance program for homeownership funded by the City of Richfield’s Community Development Block Grant (CDBG) program. The First Time Homebuyer Program provides financial assistance for low and moderate income households to become homeowners.

Administration of the First Time Homebuyer Program and the functions and responsibilities of the HRA staff shall be in compliance with the U.S. Department of Housing and Urban Development (HUD) CDBG regulations as well as all Federal, State and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.

No family or individual shall be denied the equal opportunity to apply for or receive assistance under the First Time Homebuyer Program on the basis of race, color, gender, religion, creed, national origin, age, familial or marital status, handicap or disability, sexual orientation or reliance on public assistance.

The HRA office is accessible to persons with disabilities. Accessibility for the hearing impaired is provided by the Minnesota Relay Service and the City of Richfield.

Program Goals

The First Time Homebuyer Program has the following two goals:

- a. Assist low and moderate income families, particularly those who rent in Richfield, to purchase homes within the City of Richfield by providing assistance with down payment, closing costs and mortgage principle reduction.
- b. Promote responsible home ownership

Program Administration

The Program will be administered through the HRA. Interested applicants should contact HRA staff by calling 612-861-9778.

Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the “Minnesota Government Data Practices Act”). Under the Minnesota Government Data Practices Act, the names and addresses of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the loan application is considered private data.

Purpose of the Program Guidelines

The purpose of these guidelines is to establish policies for carrying out the First Time Homebuyer Program in a manner consistent with HUD requirements and local goals and objectives contained in the City of Richfield’s Consolidated Plan and Annual Action Plans. The HRA is responsible for complying with

all changes in HUD regulations pertaining to the CDBG program. If such changes conflict with these guidelines, HUD regulations will have precedence. Application regulations include:

- 24 CFR Part 8: Nondiscrimination
- 24 CFR Part 570: Community Development Block Grant
- 24 CFR Part 35: Lead Based Paint Regulations

PART II: PROGRAM POLICIES

Financial Assistance

The financial assistance is in the form of a loan of up to \$10,000, or up to \$15,000 if additional eligibility requirements are met, but no more than 10% of the purchase price. There is no interest on the loan and no payments are required. The loan is forgiven on a pro-rated basis of 10% each year and is fully forgiven after 10 years. If the home is sold, the title transferred, or no longer owner-occupied, within the first 10 years after the purchase date, then the remaining pro-rated amount will be become due.

The Financial Assistance may be used to:

- Pay up to 50% of the amount the homebuyer is required to provide toward the down payment under the particular mortgage program they are utilizing. The homebuyer must contribute a minimum of \$1,000 of their own funds towards the downpayment.
- Pay up to 100% of the homebuyer's eligible closing costs. Borrowers are permitted to use program funds for interest rate buy downs if documentation is provided from the lender that shows the buy down is necessary to secure their primary mortgage.
- Reduce the mortgage principal up to 10% of the purchase price, up to \$150,000, depending on eligibility. The applicant(s) housing ratio must be at least 25%, but cannot exceed 35% of their gross monthly qualifying income. The housing ratio is calculated using the current year's projected income. Under certain circumstances, the HRA Executive Director may allow the DTI to exceed 35%.

The financial assistance will be provided at a minimum amount of \$3,000.00 and a maximum amount of \$150,000.00. In certain situations, the HRA Executive Director may allow assistance in excess of the maximum at their discretion. The HRA Staff will review the applicant's verified income and assets, estimated closing costs, purchase agreement, and lender's recommendations for financial assistance in compliance with uses described above. Lenders must provide a pre-approval letter indicating the maximum amount of financing the borrower would qualify for from the first mortgage lender.

The HRA will verify an applicant's income and assets through written verifications as provided by either the lender or by the applicant. The HRA staff may re-verify income and asset information provided by the lender. The HRA will calculate the applicant's gross annual income using paystubs and recent tax returns or other qualifying verification as determined by HRA staff to ensure the applicant(s) qualifies as a low or moderate income household as required by CDBG regulations and to determine the maximum amount of assistance.

Financial assistance will be provided at the time of closing on the property with the following conditions:

- Selected applicants must meet the requirements of the program and be eligible for the financial assistance throughout the entire application process.
- The housing unit to be purchased and the purchase price must be accepted by the HRA as meeting the intent and requirements of the program.
- The financial assistance provided by the program is in the form of a no-interest loan that is forgiven 10 years from the initial purchase date. If the house is sold, transferred or no longer the primary place of residence within that 10 year period, the loan will be repaid on a pro-rated basis.
- The homebuyers must enter into a second mortgage and execute a Repayment Agreement with the HRA providing for repayment of the indebtedness 10 years from the initial purchase date or when the house is sold, transferred or no longer the primary place of residence, whichever occurs first.

Responsibilities of the First Time Homebuyer

The responsibilities of the prospective homebuyers are to:

- Obtain mortgage pre-qualification from a ~~Minnesota Housing approved~~ lender
- Submit a pre-application and mortgage pre-qualification to the HRA
- Complete, sign and return the full application packet, authorization for release of information form, and other certification and verification forms within the time frame specified.
- Register and attend the Home Stretch or Framework – Homebuyers workshop such as those offered by Community Action Partnership of Hennepin County (CAP-HC), Neighborhood Development Alliance (NeDA), NeighborWorks Home Partners, or PRG Inc. More information about homebuyer education can be found online at: <http://www.hocmn.org/buyingahome/homebuyer-education/>. Classes must have been completed within 12 months prior to closing. The applicant will be provided with a certificate of attendance. A copy of this certificate should be forwarded to the lender and the HRA.
- Select a real estate agent, if one is desired.
- Select a dwelling in Richfield for purchase that is owner-occupied or vacant and is an eligible dwelling under the program.
- Provide information throughout the process as required by the lender or the HRA staff.
- Execute a purchase agreement that includes the Environmental Review addendum supplied by the HRA, and any subsequent Amendments.
- Execute the lender's mortgage and related documents.
- Execute the HRA's Mortgage, Loan Agreement and Promissory Note.

- Close on the property within the time frame specified in the Purchase Agreement.
- Execute other required forms within the time frame specified or required.
- Take occupancy of the dwelling within 30 days after closing, homestead the property, and continue to occupy the dwelling as a Principal Place of Residence.
- Make principal, interest, property tax and insurance payments as required.
- Reimburse the HRA in accordance with the HRA's Mortgage, Loan Agreement, and Promissory Note should the First Time Homebuyer trigger repayment through sale, moving, transfer of ownership or foreclosure within 10 years or default on any other terms of these documents.

Responsibilities of the Lender

The lender must:

- Verify the prospective homebuyer's income and assets to determine that they meet the requirements of the program and submit a copy of the verification to the HRA. These copies must be submitted to the HRA as part of a completed application.
- Compute the Mortgage, Down Payment, Mortgage payments and Closing Costs of Acceptable Loans approved by the Program to determine the most cost-effective and appropriate form of financing for the First Time Homebuyer to use.
- Provide a title search and review the documents.
- Provide the HRA with a pre-approval letter stating the maximum mortgage amount the applicant is approved for.
- Provide the HRA other verification materials as requested by the HRA.
- Process a mortgage consistent with the Program.
- Meet all deadlines in a timely fashion, especially those that relate to the Closing. **All documents must be completed at least 10 days prior to the Closing and be delivered to the HRA at least seven days before the Closing.**
- Appraise property to determine the loan-to-value ratio. Provide copy to the HRA.

Responsibilities of the HRA

The responsibilities of the HRA for the Program are to:

- Establish Program requirements and administer the Program.
- Send applicants the application form, the authorization for release of information form and other certification and verification forms.
- Review the Application and other material for eligibility.

- Establish the initial eligibility of participants via the information provided in the pre-application process. Full approval will be determined upon completion and submission of a full application and supporting documents.
- Notify applicants when ineligible.
- Direct prospective buyers to register for the homebuyer workshops and provide information and forms related to the Program.
- Provide liaison services involving the prospective buyer, lender and any real estate agent that might be involved in the transaction.
- Review appraisal, purchase agreement, eligibility and mortgage for consistency with the Program requirements.
- Prepare and execute the HRA Mortgage, Loan Agreement, and Promissory Note.
- Provide financial assistance according to Program guidelines to the applicant at the time of Closing.
- Service the HRA Mortgage, Loan Agreement, and Promissory Note.
- Modify or terminate the Program as may be appropriate or required.

Pre-Application Process

At the time of application, applicants must provide the HRA with the following information and meet the eligibility requirements:

- Names and ages of all household members who will occupy the property purchased
- Address and telephone numbers
- Total gross annual income documentation..
- Lease start and end dates, if applicant is a Richfield renter.
- Letter from lender indicating the amount of a home loan for which applicant is pre-qualified
- Authorization for release of information/data privacy signed by all adults in the household.

The information listed above will provide the HRA sufficient information to determine if the applicant is eligible for the Program. The pre-application must be submitted **prior** to the execution of a purchase agreement. Applicants will be notified if they are eligible or ineligible based on the information provided in the pre-application.

It is the responsibility of each applicant to ensure that the information is correct and that the HRA receives his or her application.

Supporting Documentation

Eligible applicants will be required to submit the following supporting documentation. Some items may be waived by the HRA Executive Director if not applicable and additional documentation may be requested:

- Authorized Purchase Agreement on a home in Richfield (must include Environmental Review Addendum supplied by HRA staff after Pre-Application is reviewed)
- Pay stubs for all household members earning income.
- Tax returns stubs for all household members earning income.
- Bank statements, financial statements and all other document(s) that verify gross assets.
- Copy of current lease, [if applicant is a Richfield renter.](#) -
- Previous addresses.
- Proof of completion of an approved homebuyer workshop.

Summary of the Application Process

If the applicant qualifies to apply for the Program, the applicant should proceed with the application process, which includes:

- The applicant selects a participating lender and applies for mortgage pre-approval.
- The applicant completes and submits to the HRA: (i) a First Time Homebuyer application; (ii) authorization form for release of information to the HRA ; and (iii) a mortgage pre-approval letter from the lender.
- The applicant is notified by the HRA whether or not they are eligible for the Program based on the information provided.
- The applicant registers for and attends the homebuyer workshop series.
- The applicant searches for a home in Richfield.
- The applicant enters into a Purchase Agreement that includes the Environmental Review Addendum provided by the HRA and contacts the lender.
- The lender authorizes appraisal of home.
- The lender confirms applicant's mortgage eligibility and approves purchase.
- The applicant contacts the HRA with supporting documentation.
- The HRA confirms any/all lead-based paint hazards have been investigated and remediated prior to closing. See [Lead Based Paint Hazard Requirements](#) under Part Three of the guidelines for more information.

- The HRA reviews appraisal, Purchase Agreement, Loan Estimate, and eligibility verification for consistency with program goals and requirements.
- The HRA issues an approval letter or denial letter to applicant.
- If approved, an Environmental Review is completed on the property by the HRA.
- The HRA prepares the closing documents required by the City's First Time Homebuyer Program Guidelines.

Post Approval Process

After receiving the application and all of the supplemental documentation, the following procedures shall apply:

- If the application meets the program requirements, the loan funds (not to exceed \$150,000) will be reserved for the applicant and brought to the closing.
- The HRA loan closing will occur in conjunction with the transfer of property closing. The HRA will provide the full amount of the loan (~~\$10,000~~), payable to the Buyer AND the Title Company conducting the closing.
- HRA staff will make its best effort to attend the closing. If HRA staff is unable to attend the closing, the loan closing or title insurance company conducting the loan closing will be responsible for recording the HRA's mortgage. The purchaser will pay the filing fee. If HRA staff has not attended the closing, the title company must provide Richfield staff with a copy of the first mortgage executed and filed, as well as an executed Promissory Note, Errors and Omissions Acknowledgement Agreement, and Certificate and Request for Notice: Foreclosure. These documents must be executed prior to any loan disbursement.
 - a. A lien will be placed against the Property by the HRA for the full loan amount through the Mortgage Deed.
 - b. The Mortgage is subject to Mortgage Registration Tax; the Buyer is responsible for the payment.
 - c. The Note may not be assigned or pledged.
- HRA staff will provide homeowners with a copy of their loan documents, along with information regarding loan subordinations and servicing.

Eligibility Requirements

To be eligible to participate in the Program and receive a loan up to \$10,000, the applicant must meet the following requirements at the time of application and throughout the process up until Closing.

- ~~Must be a current renter in Richfield with verifiable lease and proof of rent paid, showing at least 6 months tenancy in Richfield.~~
- Must have no prior home ownership in the past 3 years (unless displaced due to divorce).
- Must be a U.S. citizen or have legal immigration status.
- Must be a First Time Homebuyer, as defined in Appendix A.

- Must not have a Gross annual Income that exceeds the maximum income limits which are revised annually to reflect the current year's CDBG maximum income limits. Income is calculated using prior year tax returns and verified by most recent paystubs. For information on calculating income, please contact a Richfield Housing Specialist.

FY 20198 CDBG Income Limits	
Calculated as 80% of the Area Median Income. Source: https://www.hudexchange.info/resource/5334/cdbg-income-limits/	
Household Size	Household Income Limit
1 Person Household	<u>\$50,350</u> <u>52,850</u>
2 Person Household	<u>\$57,550</u> <u>60,400</u>
3 Person Household	<u>\$64,750</u> <u>67,950</u>
4 Person Household	<u>\$71,900</u> <u>75,500</u>
5 Person Household	<u>\$77,700</u> <u>81,550</u>
6 Person Household	<u>\$83,450</u> <u>87,600</u>
7 Person Household	<u>\$89,200</u> <u>93,650</u>
8 Person Household	<u>\$94,950</u> <u>99,700</u>

- Must not have Gross Assets exceeding \$25,000.00, excluding retirement savings.
- Borrowers are required to invest at least \$1,000.00 of their own monies towards the purchase price of the home.
- Must meet the requirements of a Lender and qualify for a first mortgage.
- Loan must be a fixed-rate, prime loan. No adjustable or balloon mortgages.
- Must fulfill the Program obligations in a timely manner and must remain eligible to participate based on the program requirements and those of the lender through the time of Closing.
- Must not have a previous loan through the HRA that ended in foreclosure or any other loan that ended in foreclosure within the previous five years.
- Must not buy dwelling with a contract for deed.
- Must meet the requirements as specified elsewhere in these First Time Homebuyer Program Guidelines.

Applicants who meet one of the following criteria (in addition to meeting the requirements listed previously) will be eligible for a total loan amount up to \$15,000. The final loan amount is subject to current funding availability.

- Applicant is a current renter in Richfield with verifiable lease and proof of rent paid, showing at least 6 months tenancy in Richfield.
- Household has at least one dependent under the age of 18.
- One or more household member is disabled (as verified by a physician signed form)

Denial of Eligibility

The HRA will review and verify all applications for eligibility. Those applicants not meeting the eligibility requirements will be sent a written notice explaining the reason(s) for denial of program participation.

Appeals regarding interpretation of eligibility requirements may be made in writing to the HRA Executive Director, and then to the Director of Community Development and then to the City Manager, and then to the HRA Board. Appeals that clearly do not meet eligibility requirements will not be considered.

Eligible Dwellings

To be eligible the property must meet the following requirements:

- Be located within the City of Richfield.
- Be a single-family dwelling, a townhouse unit, duplex or a condominium unit that is vacant or owner occupied. No renters can be displaced at the time of purchase.
- Be a conforming use as defined by the Richfield Zoning Ordinance.
- Be in full compliance with the City of Richfield's Point of Sale Program. (Ordinance Section 408.01). All corrections must be addressed according to the Point of Sale Program requirements, either prior to sale or via escrow with the City of Richfield. More information found at: <http://www.richfieldmn.gov/pos>.
- Be free of lead-based paint hazards at the time of Closing. See page 11 for more detailed information regarding lead-based paint hazards.

Applicant Outreach

The HRA will publicize and disseminate information to make known the availability of homeownership assistance on a regular basis through a variety of media and other suitable means. The availability of assistance will be communicated to other services providers, realtors, and lenders in the community and advise them of the guidelines so that they can make proper referrals for the Program. Realtors and lenders will be encouraged to provide additional services to eligible clients to ensure their successful utilization of the program.

Applicant Pool

The applicant pool for the Program shall consist of all those who have completed and returned to the HRA a pre-application form, written verification from their lender of pre-approval, and who have acknowledged that they will meet the eligibility requirements.

Funds will be available to the applicant pool on a first come, first serve basis. Eligible applicants will be approved for funding when they or their lender notify the HRA of the applicant's approved purchase agreement and the full application packet is completed and returned. If funding is limited and more than one applicant is at the purchasing stage, the HRA will provide funding to the applicant who qualifies for the most preference points. For updated program information, including the status of annual funding for the program, please refer to <http://www.richfieldmn.gov/downpayment>.

Preference points have been established to meet the goals of the HRA. Each preference category is worth one (1) point. The maximum points any one household could receive are five (5) points. Households with the highest point totals will be selected first. In the event of a tie, a drawing or lottery will be held to rank the applicants within each of the preference categories.

- Applicant is a current Richfield renter
 - Applicant with dependents under age 18
 - Applicant has lived in Richfield longer than 6 months prior to Closing
 - Head or co-head of household has primary, longer-term employment in Richfield
 - Applicant currently participates in Richfield's Kids @ Home Program
 - Applicant has never owned a home (versus having owned a home over three years ago)

Approval from the applicant pool is tentative and conditional. Families selected for participation must fulfill the Program obligations in a timely manner and must remain eligible to participate based on the Program requirements and those of the lender through the time of Closing.

Lender Outreach

The HRA will solicit lender participation as needed. The HRA will review requests from lenders to be approved as a participating lender of the First Time Homebuyer Program. The lenders must ~~be Minnesota Housing approved and~~ exhibit a willingness to provide mortgage products to low and moderate income households.

PART III: PROGRAM RULES

Lenders

~~All lenders must be approved by Minnesota Housing. Find a lender here: <http://www.mnhousing.gov/>.~~ Lenders and their representatives must ~~also~~ be willing to participate in the Richfield First Time Homebuyer Program. Applicants should ask the lender if they have received the City's First Time Homebuyer Program Guidelines and if they are familiar with the process. It is the applicant's responsibility to make arrangements for obtaining pre-qualification or pre-indication of approval and for making an application for a mortgage. **A letter from the lender indicating the amount of the mortgage for which the applicant pre-qualifies must be provided with each pre-application.** The same lender

must be used when the applicant goes for pre-approval of a mortgage prior to the purchase of a home, so it is recommended that the applicant selects the lender carefully.

Lead Based Paint Hazard Requirements

All applicants purchasing a dwelling built prior to 1978 will be provided with a lead based paint brochure and must sign a certification of receipt of the brochure.

The HRA will require an inspection of all dwellings built prior to 1978 for compliance with HUD’s lead-based paint hazard regulations. This inspection is performed during the City of Richfield’s standard Point of Sale Inspection. If LBP risks are found, stabilization of the defective paint, cleanup and clearance will be required before funds are approved for assistance at closing. The presence of LBP risks should be treated like any other defect found during an inspection and may be negotiated between buyer and seller. Clearance will be required before the home can be safely occupied and will assure that there are no remaining lead hazards. If the selling party is unwilling to address the LBP hazards, the property will not be eligible for assistance. The applicant will need to find another house that is or will be made LBP risk free in order to qualify for assistance.

Repayment of Assistance

Repayment of the down payment assistance loan shall occur upon the earliest of:

- Sale or transfer
- The property ceases for any reason to be the homebuyer’s principal place of residence.
- Default on the mortgage with the HRA or any superior mortgage on the property.

Repayment of the loan shall be pro-rated, with the principal amount due reduced by 10% for each year of the homeowner’s tenancy in their Richfield home, as established by the loan date on the filed mortgage with the HRA.

AGE OF LOAN	AMOUNT OF PRINCIPAL LOAN AMOUNT DUE
0 - 1 year	100 % of principal loan amount due
1 - 2 year	90% of principal loan amount due
2 - 3 years	80% of principal loan amount due
3 - 4 years	70% of principal loan amount due
4 - 5 years	60% of principal loan amount due
5 - 6 years	50% of principal loan amount due
6 - 7 years	40% of principal loan amount due
7 - 8 years	30% of principal loan amount due
8 - 9 years	20% of principal loan amount due
9 - 10 years	10% of principal loan amount due
10+ years	0% due, Loan Fully forgiven

When a loan made by the HRA is paid in full or forgiven, a document satisfying the lien will be prepared by the HRA, executed by the Executive Director or his or her delegate and delivered to the borrower for recording. The borrower is responsible for the cost of recording the satisfaction. Contact a Richfield Housing Specialist for more information about repayment of an HRA loan (612-861-9778).

Subordination of Mortgages

Richfield Housing and Redevelopment Authority (HRA) loan recipients requesting subordination of the interest of the HRA in real property must submit a Subordination Request Form, the required supporting documentation, and a processing fee. Forms are available on the City of Richfield website (www.richfieldmn.gov) or by calling the Community Development Department at 612-861-9760. Requests will not be considered until all documents and the processing fee have been received.

The following information must be submitted with the Subordination Request Form:

1. A typed letter dated and signed by the mortgagor, stating the reason for the requested subordination and the use of any equity being removed as part of the loan transaction.
2. A copy of the current appraisal (dated within six months of application) or other evidence of market value of the property that is acceptable to the HRA.
3. A copy of current title work (must indicate all debt against the property).
4. Explanation of remaining debts or liens with supporting documentation (i.e. most recent mortgage bill).
5. Estimated closing costs/settlement statement, where applicable.
6. A copy of the mortgagor's loan application.
7. Additional documentation may be required.

The HRA will subordinate its mortgage interest if all of the following conditions are met, to the extent that they are applicable:

1. Closing costs are reasonable. Generally this shall mean that the sum of all discount points, origination fees, and lender ancillary fees generally shall not exceed 3% of the new first mortgage amount.
2. If the HRA believes that the payment terms of the refinance are within the financial means of the borrower.
3. The total debt secured by the property, including the HRA lien and all superior mortgages, does not exceed 80% of the documented market value of the property.
4. Any equity being removed beyond the cost of the loan transaction will be used to improve the property. A typed letter, dated and signed by the applicant, must be submitted stating the use of any equity being removed.
5. The overall value of superior debt must not be increased by more than 50%.
6. If no more than one subordination request has been approved by the HRA in the past five years.
7. Property taxes, if not escrowed by the superior mortgage holder, must be current.

The HRA will not subordinate to reverse mortgages. In most cases, interest-only loans or loans with interest-only options, revolving lines of credits or debt consolidation will not be allowed unless the HRA determines that an acceptable reason warrants this type of loan.

The HRA may approve other subordination requests not meeting the conditions above on a case-by-case basis that are clearly in the best interests of the HRA, where the security of the HRA loan remains acceptable, and denial of the request will cause or contribute to a documented hardship on the part of the borrower.

The fee for a subordination request is established by the HRA. If the subordination request is denied, the fee will be returned with a letter explaining the reason(s) for denial. An additional fee is required for an appeal to the HRA and is non-refundable.

Subordination requests will be processed by HRA staff, who will submit the request with a recommendation for action, to the Executive Director. The Executive Director has the authority to grant a subordination request when, based on his or her discretion, the subordination is reasonable based on the criteria set forth in this Policy. The Executive Director may request review and final decision by the HRA. Requests for subordination should be submitted 30 days prior to the date the agreement to subordinate is needed. Exceptions may be made on a case-by-case basis.

In cases where a subordination request does not meet the Policy, the Executive Director may grant an administrative appeal under the following circumstances:

- Loan-to-value (LTV) ratio is greater than 80%, but no greater than 85%; or
- Equity being removed for anything other than property improvements does not exceed \$5000; or
- The amount of financing superior to the HRA lien does not increase more than the cost of settlement charges related to the refinancing; or
- The overall superior debt increases more than 50% but the value of superior debt is unusually low and/or sufficient equity protection exists

If an application is denied, the applicant may request an appeal in writing. Appeals will be submitted by staff to the HRA at the next regularly scheduled meeting, provided the request is made at least 10 days prior to that meeting. The HRA meets on the third Monday of each month.

Targeted Funding

At various times, the HRA may target Program funding for purchases in specific developments. Applicants purchasing in those developments would receive Program funding prior to all other applications.

Total Amount of Assistance

The total amount of assistance received through the Richfield HRA for the First Time Homebuyer Program cannot exceed \$10,000.

Modification and Termination of Program

The HRA may modify or terminate the Program as it deems appropriate or as required by HUD. Once the HRA has provided financial assistance and the mortgage executed, financial assistance shall not be rescinded except as provide for in the executed HRA Mortgage, Loan Agreement, and Promissory Note.

APPENDIX A

DEFINITIONS

Acceptable Loans – Portfolio Products, Freddie Mac, Fannie Mae, FHA, VA and ARM’s that at a minimum are at a fixed rate for the first seven years.

Applicant – an individual or household submitting an application for a loan.

Application – The form used to request assistance for the City’s First Time Homebuyer funds.

ARM or Adjustable Rate Mortgage – a mortgage that offers an initial rate that is fixed for a certain number of years of repayment; the rate then adjusts every year thereafter for the remaining life of the loan.

CDBG or Community Development Block Grant Program – an annual entitlement program provided to the City of Richfield through the U. S. Department of Housing and Urban Development (HUD).

City – The City of Richfield.

Clearance – A lead based paint Certification that all lead issues have been remediated.

Closing – The consummation of the real estate transaction. The Closing includes the delivery of a deed, financial adjustments the signing of notes, mortgages, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Costs – Those costs required by the lender to be paid by the buyer for various fees, credit report costs, insurance, etc., at the time of Closing on a property.

Consolidated and Annual Action Plans – HUD requires the City of Richfield to submit a 5 year Consolidated Plan and an Annual Action Plan to guide housing, homelessness and Community Development activities.

Conventional Mortgage – A type of residential mortgage loan, usually from a bank or savings and loan association, with a fixed rate and term. It is repayable in fixed monthly payments over a period usually 30 – 40 years or less, secured by real property, and not insured by the Federal Housing Administration or guaranteed by the Veterans Administration.

Down Payment – A type of payment made by a homebuyer indicating intention to purchase real estate offered for sale and obtain financing from a bank or mortgage company.

Environmental Review – The process of verifying that a project meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. HRA staff is responsible for the completion of the environmental review.

Environmental Review Addendum – An addendum to the purchase agreement that states an Environmental Review will be completed by the HRA prior to closing. The addendum must be a part of the original purchase agreement in order to be valid.

Fannie Mae or Federal National Mortgage Association – A privately owned and operated corporation that buys mortgages from such lenders as banks and savings and loans, packages and resells them on the open market.

FHA or Federal Housing Administration – A Federal agency that administers many loan programs, loan Guarantee programs, and Loan Insurance programs designed to make more housing available.

First Time Homebuyer – A household who has not owned a dwelling of any kind within the preceding three years from the date of application or who has been displaced due to a divorce situation.

Gross Annual Income – The Gross annual Income of a Household for the purposes of this program is defined for purposes of reporting under Internal Revenue Service Form 1040 for individual Federal annual income tax purposes as per 24 CFR 570.3 Income (1)(iii).

Gross Assets – The current market value of the following minus existing indebtedness: *(Typically, it does not include 401K funds, pensions or other deferred compensation funds.)*

1. Cash on hand
2. Cash in checking accounts
3. Cash in savings accounts, including accounts held in trust.
4. Investment securities (government bonds, municipal bonds)
5. Stocks
6. Certificate of deposits and annuities

Guidelines – The set of standards, criteria, and specifications to be used in administering the Program.

Household – All persons residing in one housing unit; which may include one or more families, a single person, a married couple, or two or more unrelated persons.

Housing Counselor – A person who provides direct customer services primarily to groups, individuals, households seeking information and assistance with housing issues.

Housing Ratio - the percentage of income that goes toward housing costs including mortgage principal and interest, mortgage insurance premium, hazard insurance premium, property taxes, and homeowners association dues (when applicable).

HRA – The Housing and Redevelopment Authority in and for the City of Richfield, which administers the City’s First Time Homebuyer Program.

HUD or U. S. Department of Housing and Urban Development – The principal federal agency responsible for implementing certain federal housing and community development programs.

Income - The amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Lead Risk Assessment – A report that describes the health risk assessment, management process, estimates of the costs of recovery, and summaries of possible defensive measures required per HUD regulation CFR Part 35: Lead Based Paint Regulations.

Lender – Individual or firm that extends money to a borrower with the expectation of being repaid, usually with interest.

Loan Estimate – Document disclosing the approximate closing costs a mortgage applicant will pay at or before the mortgage settlement date.

Low Income Household– A household whose annual income does not exceed the low income limit as established by HUD with adjustments for smaller and larger families.

Minnesota Housing – The Minnesota Housing Finance Agency; a Minnesota State agency that administers a variety of first time homebuyer loan programs.

Moderate Income Household – A household whose annual income does not exceed 80 percent of the median income for the area, as determine by HUD with adjustments for smaller and larger families.

Mortgage – The conveyance of an interest in real property given as security for the payment of a loan.

Principal Place of Residence – To occupy the home as the primary residence on a permanent basis.

Program – The City’s First Time Homebuyer Program.

Promissory Note – A written instrument containing a promise by the signer to pay and agreed amount.

Purchase Agreement – An agreement between buyer and seller of real property, setting forth the price, and terms of the sale. Also known as a sales contract.

Reducing the Mortgage Principal Amount – A method of benefitting the buyer through the use of a portion or all of the HRA provided financial assistance to lower the mortgage principle amount. In effect, this assistance acts as a larger down payment and helps to reduce the monthly mortgage

payments. The available amount of assistance is up to 10% of the purchase price to a maximum of \$10,000. The buyer's housing ratio must be between 25% and 35%.

Satisfaction of Mortgage – A document releasing a mortgage lien, indicating the borrower has paid the debt in full.

Second Mortgage – A loan on a property that already has an existing mortgage (the first mortgage). The second mortgage is subordinate to the first.

VA Loan – Department of Veterans Affairs, providing below-market financing with no down payment to veterans of the U.S. Armed Services.



STAFF REPORT NO. 25
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
6/17/2019

REPORT PREPARED BY: Julie Urban, Housing Manager

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Julie Urban, Acting Executive Director
6/12/2019

ITEM FOR COUNCIL CONSIDERATION:

Consider adoption of a resolution approving a Subordination Agreement and Estoppel Certificate related to construction financing for the Cedar Point II townhomes.

EXECUTIVE SUMMARY:

On July 16, 2018, the Housing and Redevelopment Authority (HRA) approved a loan of \$630,000 to NHH Companies, LLC, now doing business as Cedar Point Investments LLC (Developer), to assist with the acquisition of property in the Cedar Point II redevelopment area (63rd to 65th Street and 16th Avenue to Richfield Parkway). Under the terms of the Contract for Private Development (Contract), the Developer may request that the HRA subordinate the Contract to the construction and/or permanent financing loan. The Developer plans to close on its construction financing in June. The Lender is requesting a subordination of the HRA loan at this time. In addition, the Lender is asking the HRA to provide an Estoppel Certificate (Certificate) certifying the Developer is in compliance with the Contract.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving a Subordination Agreement and Estoppel Certificate related to construction financing for the townhome portion of the Cedar Point II redevelopment project.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA entered into a revised Contract to provide assistance to the townhome portion of the redevelopment project on September 17, 2018.
- On September 17, 2018, the HRA agreed to subordinate the Contract to a loan the Developer received to finance acquisitions.
- The Developer is accessing construction funds from its lender in order to begin construction on the first eight townhomes.
- The Lender is requiring that the HRA approve a subordination of the Development Agreement prior to issuing the loan.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The Lender is requiring that the HRA approve a Subordination Agreement and Certificate prior to issuing a loan to Cedar Point Investments LLC.

C. CRITICAL TIMING ISSUES:

- The Developer is anticipating closing on their construction financing in June. Prior to making the

loan, their Lender is requiring a Subordination Agreement and Certificate from the HRA.

- Under the terms of the Contract, construction on the townhomes was to have begun by June 1, 2019. Challenging winter weather conditions delayed the start of the townhomes. The Certificate extends the deadline to December 31, 2019, although construction is likely to begin this summer.

D. FINANCIAL IMPACT:

- There is no financial impact to the HRA.

E. LEGAL CONSIDERATION:

- The HRA retains its rights under the Contract.
- The HRA Attorney will approve the final form to be executed by the HRA Chair and Executive Director.

ALTERNATIVE RECOMMENDATION(S):

- Deny the Subordination Agreement and Estoppel Certificate request.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
☐	Resolution	Resolution Letter
☐	Subordination Agreement	Backup Material
☐	Estoppel Certificate	Backup Material

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

RESOLUTION NO. _____

**RESOLUTION APPROVING SUBORDINATION AGREEMENT RELATING TO TOWNHOMES
DEVELOPMENT**

WHEREAS, the City of Richfield, Minnesota (the “City”) and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) have approved the creation of Tax Increment Financing District No. 2018-1 (a housing district) (the “TIF District”) within the Richfield Redevelopment Project in the City (the “Redevelopment Project”) and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project; and

WHEREAS, the Authority entered into a Contract for Private Development, dated September 17, 2018 (the “Development Agreement”) with Cedar Point Investments LLC, a Minnesota limited liability company (the “Developer”), pursuant to which the Developer agreed to acquire 15 parcels of property (the “Development Property”) located within the TIF District, including four properties owned by the Authority and conveyed to NHH Companies L.L.C, a Minnesota limited liability company and proposed to be conveyed to the Developer, and construct on the Development Property a development which will include approximately 80 owner-occupied affordable townhomes and necessary public infrastructure, including streets and utilities (the “Minimum Improvements”), and the Authority agreed to reimburse the Developer for a portion of land acquisition costs and certain site improvement costs related thereto with tax increment generated from the Development Property; and

WHEREAS, to make the Minimum Improvements more economically feasible, Boundary Waters Bank (the “Bank”) has agreed to make a loan in the amount of \$2,070,000 to the Developer; and

WHEREAS, as a condition to providing the Loan, the Bank is requiring that the Authority subordinate certain of the Authority’s rights under the Development Agreement, including but not limited to the rights of the Authority with respect to the Development Property, to the rights of the Bank under the documents to be executed in conjunction with the Loan, pursuant to the terms of a Subordination Agreement (the “Subordination Agreement”) proposed to be entered into between the Authority, the Bank, and the Developer, a copy of which has been presented before this Board of Commissioners of the Authority and execute an estoppel certificate; and

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

1. The Subordination Agreement and the estoppel certificate are hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Subordination Agreement and the estoppel certificate for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver all documents deemed necessary to carry out the intentions of this resolution, the Subordination Agreement, and the estoppel certificate.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota
this 17th day of June, 2019.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is made the __ day of June, 2019, by and between Housing and Redevelopment Authority in and for the City of Richfield (“HRA”), Boundary Waters Bank, a Minnesota banking corporation (“Bank”), and Cedar Point Investments LLC, a Minnesota limited liability company (“Borrower”).

RECITALS:

A. Borrower desires to obtain and Bank is willing to make a construction loan in the amount of \$2,070,000 (the “Loan”) to Borrower under which repayment is to be secured by the Property.

B. The HRA has established Tax Increment Financing District No. 2018-1 in order to facilitate redevelopment of the Property and Borrower and HRA have entered into a Contract for Private Development, dated September 17, 2018 (the “Development Contract”), a Right of Purchase and Right of First Refusal, dated September 17, 2018 (the “Right of Purchase,” and collectively with the Development Contract, the “Subordinated Agreements”) which provide the HRA with certain rights to the Property including but not limited to, a right to re-enter and re-vest the Property and a right to purchase the Property under certain circumstance.

C. As a condition precedent to Bank’s disbursement of proceeds under the Loan, Bank requires the execution of this Agreement. Bank is disbursing the proceeds under the Loan in reliance upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the sum of \$1.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. Except as otherwise provided in this Agreement, the rights of the HRA against the Borrower, or any of Borrower’s assets set forth in the Subordinated Agreements, including, but not limited to any rights in the Property, are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the Loan and to the rights and interest of Bank granted in the Mortgage. Specifically, the lien of that certain Construction

Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement in favor of Bank, as Mortgagee, in the original principal amount of \$2,070,000.00, dated June ___, 2019, and recorded on _____ as Document No. _____ in the Office of the Recorder of Hennepin County (the "Mortgage"), is hereby subordinated to any lien evidenced by the Development Contract. Except as specifically agreed to herein, this Subordination Agreement shall not limit the ability of the HRA to exercise its rights or remedies under the Development Contract.

2. Amendment. This Agreement may not be amended or modified in any manner other than by an agreement signed by all of the parties hereto.

3. Successors and Assigns. This Agreement and each and every covenant, agreement and other provisions hereof shall be binding upon the parties hereto and their successors and assigns. As used here, the words "successors and assigns" shall include the heirs, administrators and representatives of any natural person who is a party to this Agreement.

4. Choice of Law. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of Minnesota.

5. Captions and Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

6. Notices. Any notices and other communications permitted or required by the provisions of this Agreement (except for telephonic notices expressly permitted) shall be in writing and shall be deemed to have been properly given or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Certified Mail, Return Receipt Requested, bearing adequate postage, or deposited with reputable private courier or overnight delivery service, and addressed as hereinafter provided. Each such notice shall be effective upon being deposited or delivered as aforesaid. The time period within which a response to any such notice must be given, however, shall commence to run from the date of receipt of the notice by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice sent. By giving to the other party hereto at least ten (10) days' notice thereof, either party hereto shall have the right from time to time to change its address and shall have the right to specify as its address any other address within the United States of America.

Each notice to Bank shall be addressed as follows:

Boundary Waters Bank
Attn: Adam Traxler
2230 Eagle Creek Drive, Suite A
Woodbury, MN 55129

Each notice to Borrower shall be addressed as follows:

Cedar Point Investments LLC
7455 France Avenue South
Suite 351
Edina, Minnesota 55435
Attn: Adam Seraphine

Each notice to HRA shall be addressed as follows:

Housing and Redevelopment Authority
in and for the City of Richfield, Minnesota
6700 Portland Ave. South
Richfield, MN 55423
Attn: Community Development Director

14. Counterparts. This Agreement may be executed separately and independently in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterpart shall together constitute but one and the same instrument.

[This space intentionally left blank; signature pages follow.]

BORROWER: CEDAR POINT
INVESTMENTS LLC

By:
Its:

STATE OF MINNESOTA)
) ss.
COUNTY OF)

This instrument was acknowledged before me on the ____ day of June, 2019, by _____, the _____ of Cedar Point Investments LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

[Borrower Signature Page to Subordination Agreement dated June ____, 2019, entered into by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, Boundary Waters Bank and Cedar Point Investments, LLC]

This instrument was drafted by:

FAFINSKI MARK & JOHNSON, P.A. (NMB)

775 Prairie Center Drive, Suite 400

Eden Prairie, MN 55344

952-995-9500

EXHIBIT A

Parcel 1

Lot 7, Block 2, Iverson's Second Addition, Hennepin County, Minnesota.

Parcel 2

Lot 8, Block 2, Iverson's Second Addition, Hennepin County, Minnesota.

Abstract Property

6439 & 6445 16TH AVE S, Richfield, MN 55423

ESTOPPEL CERTIFICATE

Boundary Waters Bank
2230 Eagle Creek Drive, Suite A
Woodbury, MN 55129

Re: Contract for Private Development dated September 17, 2018 (the “Development Agreement”) by and between Housing and Redevelopment Authority in and for the City of Richfield (“HRA”) and Cedar Point Investments LLC, a Minnesota limited liability company (“Borrower”).

Ladies and Gentlemen:

Reference is made to the captioned Development Agreement. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Development Agreement.

Borrower desires to obtain and Boundary Waters Bank, a Minnesota banking corporation (“Bank”), is willing to make a construction loan in the amount of \$2,070,000 (the “Loan”) to Borrower under which repayment is to be secured by the Property legally described on Exhibit A attached hereto (the “Property”). In connection with the foregoing, the undersigned hereby certifies to the Bank and its designees, successors and assigns, as of the date hereof, and agrees as follows, recognizing that the Bank, and its designees, successors and assigns, will rely on the information contained herein:

1. To the actual knowledge of the undersigned, the Development Agreement is in full force and effect and has not been amended, modified, or supplemented in any way.
2. To the actual knowledge of the undersigned, there are no other agreements (oral or written) between the parties to the Development Agreement relating to the Property except for:
 - a. the Right of Purchase and Right of First Refusal Agreement dated September 21, 2018, recorded on October 8, 2018, in the Office of the County Recorder of Hennepin County as Document Number A10599754 (the “Right of Purchase and Refusal Agreement”);
 - b. the Right of Entry Agreement, dated January 15, 2018, between the HRA and the Borrower; and
 - c. the Assumption Agreement, dated May 20, 2019, between NHH Companies, L.L.C., the Borrower, and the HRA, recorded on June 4, 2019, in the Office of the County Recorder of Hennepin County as Document Number A10663984.

The Development Agreement and the three agreements described above are referred to herein as the “Agreements.”

3. To the actual knowledge of the undersigned, no sums are owed to any party to the Agreements pursuant thereto other than as may be referenced in the Agreements.

4. To the actual knowledge of the undersigned, there are no pending or threatened disputes or litigation between or among any of the parties to the Agreements or properties benefited or burdened by the Agreements;
5. To the actual knowledge of the undersigned, all obligations of the parties to the Agreements required to be performed to date have been fully performed; no uncured default, event of default, or breach by a party has occurred and is continuing; no facts or circumstances exist that with the passage of time, will or could constitute a default, event of default, or breach of the Agreements; and no party has given notice alleging a default to another party to the Agreements. To the actual knowledge of the undersigned, the HRA has no claims, counterclaims, defenses or setoffs against any other party arising under the Agreements or in connection with the Property.
6. Notwithstanding section 4.3 of the Agreements, Developer is not in default of the Agreements for not commencing construction of the Minimum Improvements on or before June 1, 2019. The HRA hereby extends the deadline for commencing construction of the townhomes in the Development Agreement to December 31, 2019.
7. Pursuant to Section 7.1(b) of the Agreements, the HRA confirms receipt of evidence of sufficient financing for the first phase of the townhomes.

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IN WITNESS WHEREOF, the undersigned has executed this Estoppel Certificate as of June ____, 2019.

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

By: Julie A Urban
Its: Acting Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on June ____, 2019, by Julie A Urban, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

This instrument was drafted by:
FAFINSKI MARK & JOHNSON, P.A. (LAK)
775 Prairie Center Drive, Suite 400
Eden Prairie, MN 55344
952-995-9500

EXHIBIT A
LEGAL DESCRIPTION

Parcel 1:

Lot 7, Block 2, Iverson's Second Addition, Hennepin County, Minnesota.

Parcel 2:

Lot 8, Block 2, Iverson's Second Addition, Hennepin County, Minnesota.

Abstract Property
6439 & 6445 16TH AVE S, Richfield, MN 55423



STAFF REPORT NO. 26
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
6/17/2019

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists
OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
6/7/2019

ITEM FOR COUNCIL CONSIDERATION:

Public hearing and consider adoption of a resolution authorizing the sale of 6412 Bloomington Avenue to Endres Custom Homes and the approval of a Contract for Private Development with Endres Custom Homes for the construction of a single family home through the Richfield Rediscovered Program.

EXECUTIVE SUMMARY:

Endres Custom Homes (the Builder) is applying to purchase the lot at 6412 Bloomington Avenue from the Housing and Redevelopment Authority (HRA) for the construction of a single family home. The new home would be a split level home with four bedrooms, three baths, a finished basement and a two-car attached garage. The new home will be 2,145 finished square feet with a minimum end value of \$358,900. The home has been pre-sold to a buyer.

The Builder has previously built homes through the Richfield Rediscovered program and has worked extensively with the HRA to ensure compliance with sound attenuation standards, design guidelines and building requirements to find a proposal that is feasible for both the Richfield Rediscovered Program and the Builder. In order to make a new home viable on this lot, staff is recommending a discounted lot sale price to account for additional costs related to required window upgrades and demolition costs.

RECOMMENDED ACTION:

Conduct and close the public hearing and by motion:

- 1. Adopt a resolution authorizing the sale of 6412 Bloomington Avenue to Endres Custom Homes; and**
- 2. Authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes for the redevelopment of 6412 Bloomington Avenue.**

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA purchased 6412 Bloomington Avenue in 2019 for \$115,000.
- The existing substandard home was abated in 2019. The builder will be responsible for the demolition of the existing home.
- The vacant lot has been listed for \$60,500.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The proposed project meets the policy objectives of the Richfield Rediscovered Program:

- Removes substandard, functionally obsolete housing and eliminates its blighting influence;
- Provides new, higher valued housing; and
- Alleviates shortage of housing choice for families.
- The project also meets the Housing Design and Site Development Criteria, as defined in the Richfield Rediscovered Guidelines:
 - The height and mass of the house is made compatible with other homes in the neighborhood through the varied roof lines, presence of a roof eave at the first level, and larger side setbacks (15 feet).
 - The dominance of the garage door is minimized by the use of windows and panels, the front porch, living area above the garage, and a front setback greater than the neighboring houses.
 - While the design provides slightly less window area due to the extraordinary sound attenuation requirements, the plan provides a balanced and pleasing distribution of wall, door and window areas from all views.
 - Site drainage will be accommodated on site.
- In April 2019, the HRA adopted the revised Inclusionary Housing Policy, which states: "With regards to scattered-site single family housing development, at least 20% of the units newly constructed or rehabilitated and converted to long-term affordability in any three-year period must meet the proscribed affordability requirements."
 - Given formal approval of this project, the ratio of affordable scattered-site single family housing development will be 43% for the 2017-2019 time period.
 - In that time period, 12 market-rate new homes have been built, while 9 affordable new construction/rehabilitated homes have been facilitated through the HRA.

C. CRITICAL TIMING ISSUES:

- The Contract for Private Development (Contract) requires the Builder to close on the property by July 31, 2019, and to complete construction by October 31, 2019. All Richfield Rediscovered contracts include a provision authorizing staff to grant an extension to these deadlines for a period up to six months.

D. FINANCIAL IMPACT:

- The HRA acquired the 60-foot wide property and structure in 2019 for \$115,000.
- The appraised value of the vacant lot is \$74,000.
- Under the terms of the Contract, \$60,500 will be due at closing.
- A discount to the lot sale price is applied for sound attenuation costs and demolition costs.
- Under the terms of the Contract for the property, the contracted minimum market value of the new home will be \$358,900.
- Under the terms of the Contract, the Builder will also be required to submit a \$10,000 cash escrow.

E. LEGAL CONSIDERATION:

- Notice of the public hearing was published in the Sun Current on June 6, 2019.
- Mailed notification is not required on this item; however, a courtesy notice was mailed to residents within 350 feet of the property.
- The HRA Attorney prepared the Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the sale of the property and the Contract for Private Development

PRINCIPAL PARTIES EXPECTED AT MEETING:

Dustin Endres, Endres Custom Homes, Inc.

ATTACHMENTS:

Description	Type
☐ Resolution	Resolution Letter
☐ Contract for Development	Contract/Agreement
☐ House plan	Backup Material

▣ Site plan

Cover Memo

HRA RESOLUTION NO.

**RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY LOCATED AT
6412 BLOOMINGTON AVENUE TO ENDRES CUSTOM HOMES**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA) desires to develop certain real property pursuant to and in furtherance of the Richfield Rediscovered Program adopted by the HRA, said real property being described as:

Address: 6412 Bloomington Avenue

Legal: Lot 3, Block 6, Girard Parkview, Hennepin County, Minnesota

WHEREAS, the HRA is authorized to sell real property within its area of operation after a public hearing; and

WHEREAS, the purchaser of the described property has been identified as Endres Custom Homes, and

WHEREAS, a Contract for Private Development has been prepared, and the sale price of 6412 Bloomington Avenue is \$60,500 with performance security in the amount of \$10,000; and

WHEREAS, a public hearing has been held after proper public notice.

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

1. A public hearing has been held and 6412 Bloomington Avenue is authorized to be sold for \$60,500 to Endres Custom Homes; and
2. The Chairperson and Executive Director are authorized to execute a Contract for Private Development and other agreements as required to effectuate the sale to the Builder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 17th day of June, 2019.

ATTEST:

Mary Supple, Chair

Erin Vrieze Daniels, Secretary

CONTRACT FOR PRIVATE DEVELOPMENT

Between

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD**

and

Endres Custom Homes, Inc.

for property located at

6412 Bloomington Avenue South

This Instrument Drafted by:

**The Housing and Redevelopment Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, Minnesota 55423
Telephone: (612) 861-9760**

CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made and entered into as of this _____ day of _____, 20____, by and between the 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, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (HRA) and Endres Custom Homes, Inc., a Minnesota Corporation (Builder).

WITNESSETH:

WHEREAS, the City of Richfield (City) and the HRA have previously created and established a Redevelopment Project (Project) pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047 (collectively, the Act); and

WHEREAS, pursuant to the Act, the City and the HRA have previously adopted a redevelopment plan for the Project (Redevelopment Plan); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and particularly to make specified land in the Project available for development by private enterprise for and in accordance with the Redevelopment Plan, the HRA has determined to provide substantial aid and assistance to finance development costs in the Project; and

WHEREAS, the Builder has proposed a development as hereinafter defined within the Project which the HRA has determined will promote and carry out the objectives for which the Project has been undertaken, will assist in carrying out the obligations of the Redevelopment Plan, will be in the vital best interests of the City and the health, safety and welfare of its residents and is in accord with the public purposes and provisions of the applicable state and local laws and requirements under which development in the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the mutual covenants and obligation of the HRA and the Builder, each party does hereby represent, covenant and agree with the other as follows:

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

Section 1.1. Definitions. In this Agreement, the following terms have the meaning given below unless the context clearly requires otherwise:

Building Plans. Detailed plans for the Improvements to be constructed on the Property, as required by the local building official for issuance of a building permit.

Construction Plans. The construction plans approved by the HRA pursuant to Section 4.1 of this Agreement. The Construction Plans include a schedule for construction of the Improvements, preliminary plans and schematics of the Improvements to be constructed, and a landscaping plan.

Development. The Property and the Improvements to be constructed thereon according to the Construction Plans approved by the HRA.

Event of Default. Event of Default has the meaning given such term in Section 8.1.

Guidelines. The Richfield Rediscovered Program Guidelines Lot Sale Program, revised March 20, 2017, and attached as Exhibit B to this Agreement.

Homeowner. The individuals purchasing the Property from Builder and who will be living in the home following purchase.

Improvements. Each and all of the structures and site improvements constructed on the Property by the Builder, as specified in the Construction Plans to be approved by the HRA.

Minimum Market Value. \$324,900, which is the minimum market value for the land and Improvements as confirmed by the Hennepin County Assessor.

Mortgage. A mortgage obtained by the Builder from a third party lender in accordance with Section 7.2 of this Agreement.

Property. The real property legally described as:

Lot 3, Block 6, Girard Parkview, Hennepin County, Minnesota

Located on land having a street address of:

6412 Bloomington Avenue South

Unavoidable Delays. Delays which are the direct result of strikes, labor troubles, fire or other casualty to the Improvements, litigation commenced by third parties which results in delays or acts of any federal, state or local government, except those contemplated by this Agreement, which are beyond the control of the Builder.

Section 1.2. Exhibits. The following Exhibits are attached to and by reference made a part of this Agreement:

- A. Form of Certificate of Completion
- B. Program Guidelines – Lot Sale Program
- C. Form of Quit Claim Deed

D. Well Disclosure

Section 1.3. Rules of Interpretation.

(a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

(b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. By the Builder. The Builder makes the following representations and undertakings:

(a) The Builder has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement;

(b) The Builder has the necessary equity capital or has obtained commitments for financing necessary for construction of the Improvements;

(c) The Builder will construct the Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations;

(d) The Builder will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed;

(e) The plans for the Improvements have been prepared by a qualified draftsman or architect; and

(f) The Builder has read and understands the Guidelines and agrees to be bound by them.

Section 2.2. By the HRA. The HRA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The HRA is authorized by law to enter into this Agreement and to carry out its obligations hereunder; and

(b) The HRA will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Builder and will cooperate with the efforts of the Builder to secure the granting of any permit, license, or other approval required to allow the construction of the Improvements.

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO BUILDER

Section 3.1. Purchase of Property by Builder. The HRA agrees to sell the Property to Builder and the Builder agrees to purchase the Property from the HRA in an “as-is” condition. The sale of the Property is contingent upon the Builder providing the HRA with evidence satisfactory to the HRA that Builder has entered into a binding legal commitment, in the form of a Purchase Agreement for the resale of the Property to a Homeowner following completion of the Improvements. The HRA agrees to convey the Property to the Builder by Quit Claim Deed in the general form of Exhibit C. The HRA’s deed to the Builder will contain the right of reverter required in Section 8.3. The purchase price for the Property, payable at Closing, will be \$37,725 (“Purchase Price”).

Section 3.2. Title and Examination. As soon as reasonably possible after execution of this Contract for Private Development by both parties,

(a) HRA shall surrender any abstract of title and a copy of any owner’s title insurance policy for the property, if in HRA’s possession or control, to Builder or to Builder’s designated title service provider; and

(b) Builder shall obtain the title evidence determined necessary or desirable by Builder or Builder’s lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment or an attorney’s title opinion, at Builder’s selection and cost, and provide a copy to the HRA.

The Builder shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The HRA shall have 90 days from the date of such objection to effect a cure; provided, however, that the HRA shall have no obligation to cure any objections, and may inform Builder of such. The Builder may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

Section 3.3. Taxes and Special Assessments. Real estate taxes and installments of special assessments will be prorated between the HRA and Builder as of the date of closing.

Section 3.4. Soil Conditions and Hazardous Wastes. The Builder acknowledges that the HRA makes no representations or warranties as to the conditions of the soils on the Property, its fitness for the construction of improvements or any other purpose for which the Builder may use the Property, or regarding the presence of hazardous wastes on the Property. The HRA will allow reasonable access to the Property for the Builder to conduct such tests regarding soils conditions and hazardous wastes as the Buyer may desire. Permission to enter the Property to conduct such tests must be given in writing under reasonable terms and conditions established by the HRA.

Section 3.5. Site Clearance. The HRA will be responsible for clearance of all buildings as required to prepare the Property for development. All other site preparation is the responsibility of Builder. Builder will comply with all of the provisions of the Guidelines relating to tree protection, preservation and replacement.

Section 3.6. Other Preconditions to Closing. Closing may not take place until the HRA is satisfied that the Project is in all respects in full compliance with the provisions of the Guidelines contained in Exhibit B. It is anticipated that the Builder will involve the Homeowner in the various activities required under the Guidelines so that the Homeowner will have an opportunity to contribute suggestions concerning development of the Property.

Section 3.7. Closing. Closing must take place July 31, 2019, (“Closing Date”) or such other date as may be agreed to by the Builder and HRA in writing. At Closing, the Builder will provide the HRA with a cash deposit for the escrow account established pursuant to Section 5.1, in addition to the Purchase Price.

Section 3.8. Closing Costs. The Builder will pay: (a) the closing fees charged by its title insurance company or other closing agent, if any, utilized to close the transaction for Builder; (b) title services chosen by Builder pursuant to Section 3.2 above, including the premium for title insurance policy, if any, and (c) the recording fees for the Contract for Private Development and the deed transferring title to the Builder. HRA will pay all other fees normally paid by sellers, including (a) any transfer taxes, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

Section 3.9. Sewer and Water. HRA does warrant that city water and sewer is available.

Section 3.10. ISTS Disclosure. HRA is **not** aware of any individual sewage treatment system on the property. Buyer is responsible for all costs of removing any individual sewage treatment system that may be discovered on the Property.

Section 3.11. Well Disclosure. HRA’s knowledge of wells on the Property is disclosed in Exhibit D.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

Section 4.1. Construction of Improvements. The Builder shall construct the Improvements on the Property in accordance with the Guidelines and the Construction Plans, shall cause the Improvements to meet or exceed the Minimum Market Value specified in Section 1.1, and shall maintain, preserve and keep the Improvements in good repair and condition. The Builder shall provide his or her proposed construction plans to the HRA for review; if the proposed construction plans are in conformity with this Agreement and the Guidelines, the HRA will approve the Construction Plans following review and comment by the Homeowner.

Section 4.2. Construction Plans. No building permit will be issued by the City unless the Building Plans are in conformity with the Guidelines, the Construction Plans, the Builder's Minimum Market Value, other requirements contained in this Agreement, and all local, state and federal regulations. The Builder shall provide the HRA with a set of Building Plans to be used in connection with any application for a building permit. The HRA shall, within 25 days of receipt of the Building Plans review the same to determine whether the foregoing requirements have been met. If the HRA determines such Building Plans to be deficient, it shall notify the Builder in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive determination that the Building Plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3. Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall be completed prior to October 31, 2019 ("Construction Completion Date"). All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Builder shall make reports in such detail as may reasonably be requested by the HRA concerning the actual progress of construction. If at any time prior to completion of construction the HRA has cause to believe that the Builder will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Builder and demand assurances from the Builder regarding the Builder's construction schedule. If such assurances are not forthcoming or are deemed by the HRA at its sole discretion to be inadequate, the HRA may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

Section 4.4. Certificate of Completion. After notification by the Builder of completion of construction of the Improvements, the HRA shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. In the event that the HRA is satisfied with the construction, and upon closing on the sale of the Property to the Homeowner, the HRA shall furnish the Builder with a Certificate of Completion in the form attached hereto as Exhibit A. Such certification by the HRA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement. Issuance of the Certificate of Completion shall also serve as a satisfaction of any obligation of Builder

secured by the escrow account established under Section 5.1, and the cash in the escrow account will be released to the Builder. At the time a Certificate of Completion is issued, the HRA will also provide Builder with a \$5,000 cash rebate if Builder has obtained Green Community Concepts certification through LEED for Homes, Minnesota GreenStar, Minnesota Green Communities or Minnesota Green Path.

If the HRA shall refuse or fail to provide certification in accordance with the provisions of this Section 4.4, the HRA shall within 15 days of such notification provide the Builder with a written statement, indicating in adequate detail in what respects the Builder has failed to complete the Improvements in accordance with the provisions of this Agreement necessary, in the opinion of the HRA, for the Builder to take or perform in order to obtain such certification.

Section 4.5. Failure to Construct. In the event that construction of the Improvements is not completed as provided in Section 4.3 of this Agreement, an Event of Default shall be deemed to have occurred, and the HRA may proceed with its remedies under Section 8.2.

ARTICLE V.

REDEVELOPMENT ASSISTANCE

Section 5.1. Establishment of Cash Escrow. Builder acknowledges that although it is purchasing the Property at its fair market value as raw land, the HRA has incurred significant costs in acquiring and preparing the Property for development by Builder. At Closing, Builder will deliver to the HRA \$10,000 to be placed in a non-interest bearing escrow account pursuant to the Escrow Agreement, dated as of the date hereof, between Builder and HRA. The obligation to pay the \$10,000 to the HRA will be forgiven, and the cash in the escrow account will be returned to Builder if: (i) the Builder receives a Certificate of Completion; and (ii) the Builder is not otherwise in default of any of its obligations hereunder. If such have not occurred, an Event of Default shall be deemed to have occurred and the HRA may exercise its remedies under Section 8.2. In certain circumstances, after construction is complete, the Builder or Buyer may be required to deposit another cash escrow with the planning department of the City for incomplete improvements. In these cases, following the HRA's release of the cash escrow, the cash escrow will be transferred to the City's planning department for such purpose. The terms of the escrow will be set forth in an Escrow Agreement between the HRA and the Builder or Buyer.

ARTICLE VI.

FINANCING

Section 6.1. Financing. HRA acknowledges that Builder has submitted evidence of financing for the Improvements in compliance with the provisions of Section 2.1(b) of this Agreement. Builder must notify HRA immediately of any changes to or withdrawal of the approved financing. HRA shall have 10 days to approve or disapprove changes in financing. If the HRA rejects a change in the approved financing or if the approved financing is withdrawn, the Builder shall have 30 days or such additional period of time as the Builder may reasonably

require from the date of the HRA's notification to submit evidence of financing satisfactory to the HRA. If the Builder fails to submit such evidence or fails to use due diligence in pursuing financing, the HRA may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder. Closing shall not take place until Builder has provided HRA with acceptable evidence of financing for construction of the Improvements.

Section 6.2. Copy of Notice of Default to Lender. Whenever the HRA shall deliver any notice or demand to the Builder with respect to any Event of Default by the Builder in its obligations or covenants under this Agreement, the HRA shall at the same time forward a copy of such notice or demand to each holder of any Mortgage authorized by the Agreement at the last address of such holder shown in the records of the HRA.

Section 6.3. Subordination. In order to facilitate obtaining financing for the construction of the Improvements by the Builder, the HRA may, in its sole and exclusive discretion, agree to modify this Agreement in the manner and to the extent the HRA deems reasonable, upon request by the financial institution and the Builder.

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 7.1. Representation as to Redevelopment. The Builder represents and agrees that its undertakings pursuant to the Agreement, are for the purpose of development of the Property and not for speculation in land holding. The Builder further recognizes that, in view of the importance of the Development to the general welfare of Richfield and the substantial financing and other public aids that have been made available by the HRA for the purpose of making the Development possible, the qualification and identity of the Builder are of particular concern to the HRA. The Builder further recognizes that it is because of such qualifications and identity that the HRA is entering into this Agreement, and, in so doing, is further willing to rely on the representations and undertakings of the Builder for the faithful performance of all undertakings and covenants agreed by the Builder to be performed.

Section 7.2. Prohibition Against Transfer of Property and Assignment of Agreement. For the reasons set out in Section 7.1 of this Agreement, the Builder represents and agrees as follows:

(a) Except as specifically allowed by this section, Builder has not made or created, and, prior to the issuance of the Certificate of Completion, Builder will not make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or any trust in respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the HRA.

(b) This provision shall not be deemed as preventing the Builder from entering into a Purchase Agreement for the sale of the Property to a Homeowner.

(c) This provision does not prohibit conveyances that are only by way of security for, and only for the purpose of obtaining financing necessary to enable the Builder or any successor in interest to the Property, or any part thereof, to perform its obligations with respect to the Development under this Agreement, and any other purpose authorized by this Agreement. Any Mortgage obtained by the Builder must be disclosed to the HRA, and must be subordinate to this Agreement. The Builder must provide the HRA with an address for the holder of the Mortgage for purposes of providing notices as may be required by this Agreement.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The following shall be deemed Events of Default under this Agreement and the term shall mean, whenever it is used in this Agreement, unless the context otherwise provides, any one or more of the following events:

(a) Failure by the Builder to pay when due the payments required to be paid or secured under any provision of this Agreement;

(b) Failure by the Builder to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, including the time for such performance;

(c) If the Builder shall admit in writing its inability to pay its debts generally as they become due, or shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Property;

(d) If the Builder, on a petition in bankruptcy filed against it, be adjudicated as bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Builder, a receiver of the Builder or of the whole or substantially all of its property, or approve a petition filed against the Builder seeking reorganization or arrangement of the Builder under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(e) If the Development is in default under any Mortgage and has not entered into a work-out agreement with the holder of the Mortgage.

Section 8.2. Remedies on Default. Whenever any Event of Default occurs, the HRA may, in addition to any other remedies or rights given the HRA under this Agreement, take any one or more of the following actions following written notice by the HRA to the Builder as provided in Section 9.3 of this Agreement:

(a) Suspend its performance under this Agreement until it receives assurances from the Builder, deemed reasonably adequate by the HRA, that the Builder will cure its default and continue its performance under this Agreement;

(b) Cancel or rescind this Agreement;

(c) Exercise its right under Section 8.3;

(d) Withdraw all funds in the escrow account established in Section 5.1;

(e) Withhold the Certificate of Completion; or

(f) Take whatever action at law or in equity may appear necessary or desirable to the HRA to enforce performance and observance of any obligation, agreement, or covenant of the Builder under this Agreement; provided, however, that any exercise by the HRA of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any Mortgage authorized by this Agreement and (b) any rights or interest provided in this Agreement for the protection of the holders of a Mortgage; and provided further that should any holder of a Mortgage succeed by foreclosure of the Mortgage or deed in lieu thereof to the Builder's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the obligations of the Builder under this Agreement to the extent that the same have not therefore been performed by the Builder.

Section 8.3. Revesting Interest in HRA Upon Happening of Event of Default Subsequent to Conveyance of Property to Builder. In the event that subsequent to the closing or the sale of the Property to the Builder and prior to the issuance of the Certificate of Completion:

(a) The Builder fails to begin construction of the Improvements in conformity with this Agreement, and such failure is not due to Unavoidable Delays;

(b) The Builder, after commencement of the construction of the Improvements, defaults in or violates obligations with respect to the construction of the Improvements, including the nature and the date for the completion thereof, or abandons or substantially suspends construction work, and such act or actions is not due to Unavoidable Delays;

(c) The Builder or successor in interest fails to pay real estate taxes or assessments on the Property or any part thereof when due, or places thereon any encumbrance or lien unauthorized by this Agreement, or suffers any levy or attachment to be made, or any supplier's or mechanic's lien, or any other unauthorized encumbrance or lien to attach;

(d) There is, in violation of Article VII of this Agreement, any transfer of the Property or any part thereof; or

(e) The Builder fails to comply with any of its covenants under this Agreement,

then the HRA shall have the right upon 30 days' written notice to Builder and the Builder's failure to cure within such 30 days period, to re-enter and take possession of the Property and to terminate and revert in the HRA the interest of the Builder in the Property; provided, however, that such reversion of title shall be subject to the lien of any prior encumbrance permitted under this Agreement, or any right of a Homeowner pursuant to a valid Purchase Agreement authorized by this Agreement.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA or the Builder to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VIII.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event of the occurrence of any Event of Default by either party, which Event of Default is thereafter waived by the other party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default.

ARTICLE IX.

ADDITIONAL PROVISIONS

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No HRA officer who is authorized to take part in any manner in making this Agreement in his or her official capacity shall voluntarily have a personal financial interest in this Agreement or benefit financially there from. No member, official, or employee of the HRA shall be personally liable to the Builder, or any successor in interest, for any Event of Default by the HRA or for any amount which may become due to the Builder or successor or on any obligations under the terms of this Agreement.

Section 9.2. Non-Discrimination. The provisions of Minnesota Statutes Section 181.59, which relate to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Builder as though fully set forth herein.

Section 9.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the HRA:

Richfield HRA
Executive Director
6700 Portland Avenue South
Richfield, MN 55423

(b) As to the Builder:

Dustin Endres
Endres Custom Homes, Inc.
15561 Dunberry Way
Apple Valley, MN 55124

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 9.3.

Section 9.4. Counterparts. This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

Section 9.5. Extensions. Any extension to the Closing Date and/or extension to Construction Completion Date that exceeds 6 months from the date agreed to in Section 3.7 and 4.3, respectively, must be approved by the HRA Board. HRA staff is authorized to extend the Closing Date to a date less than 6 months from the Closing Date agreed to in Section 3.7 and extend the Construction Completion Date to a date less than 6 months from the Construction Completion Date agreed to in Section 4.3.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

[signature pages follow]

Signature Page for HRA

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

By _____
Its Chairperson

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

EXHIBIT B
PROGRAM GUIDELINES – LOT SALE PROGRAM

RICHFIELD REDISCOVERED
PROGRAM GUIDELINES
LOT SALE PROGRAM

REVISED: March 20, 2017

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This document has been developed as a guidance tool for program administration. It should not be interpreted as constituting any contractual agreement or liability by the City or Housing and Redevelopment Authority (HRA). The HRA may modify or divert from the guidelines where it deems appropriate.

I. Program Objectives

1. To remove substandard, functionally obsolete housing on scattered sites throughout the City and replace with new, higher-valued housing.
2. To eliminate the blighting influence of substandard housing, thus improving residential neighborhoods.
3. To alleviate the shortage of housing choices for families.
4. To facilitate the construction of larger three- to four-bedroom, owner-occupied homes designed for families.
5. To facilitate the construction of multi-unit, owner-occupied homes designed to expand family opportunities or to serve elderly residents.

These objectives will be achieved through the sale of lots by the Housing and Redevelopment Authority to Builder/Buyer teams for the development of newly constructed homes.

II. Definitions

Applicant: An individual who submits an application for a Richfield Rediscovered lot. The Applicant may be a Builder or the end Buyer. If the Applicant is a Builder, an end Buyer should be identified. If the Applicant is the Buyer, the Applicant must submit a signed contract between the Builder and the Buyer to build a home on the lot identified in the application.

Buyer: An individual(s) who will build, own and occupy a new housing unit in Richfield.

The Buyer will occupy the property and not offer it for rent. The Buyer may not also function as the Builder on a Richfield Rediscovered project. The Buyer and Builder must be unrelated separate legal entities. A speculative project by a Buyer may be considered if all other program requirements can be met. However, neither the Buyer, the Buyer's Builder or Builder's subcontractors, or the Builder's realty agents may occupy or purchase the property.

Buyers, unless licensed in the trade specified, may not put any sweat equity into the construction of the foundation, wall/roof framing, shingling, exterior work, electrical/plumbing/HVAC systems or interior carpentry.

A Buyer, and all members of his/her household, is limited to building a home through the program no more than once every seven years.

Builder: Licensed Contractor who has signed a contract with the Buyer to build a home on the lot identified in the application.

Contract for Private Development: A contract between the HRA and the Builder or Buyer that establishes the conditions under which the lot will be sold and the proposed house will be developed.

Green Community Concepts Plan: A written plan indicating how the proposed development will incorporate green building features and concepts. Priority will be given to projects that incorporate green building features.

HRA: Housing and Redevelopment Authority in and for the City of Richfield.

Lot List: A listing of available lots for sale. Information regarding the lot location, size and sale price is provided.

III. Program Basics

1. HRA publishes a list of available vacant lots for purchase including sale price and development criteria.

2. Builder/Buyer team proposes a plan for a lot consistent with development criteria and program requirements and makes an offer to purchase.
3. HRA may issue a Request for Proposals for a specific lot(s) with a specific submittal deadline. HRA staff review all Proposals submitted by the deadline for consistency with development criteria and program requirements. The Proposal that best meets the criteria and requirements is selected to develop the lot.
4. HRA approves lot sale.
5. Lot is sold to Builder or Buyer.
6. Builder constructs new home.
7. Projects must be completed within one year of HRA approval of the project.

IV. Application Requirements

The following must be submitted for application to the program:

1. \$550 application fee
An application fee must be paid at the time of application. This fee is non-refundable and is not part of the lot price.
2. Application Form
3. Floor plans
The layout of all levels, including basement and unfinished space, must be provided.
4. Elevations
Elevations of all four sides of the house, including view of garage shall be provided. Colored renderings may also be required.
5. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
6. Landscaping plan
A landscaping plan must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch) and any existing trees to be preserved.
7. Detail of construction materials to be used on the project.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Construction timeline
Construction must be completed with one year of the purchase of the property.
10. Signed contract with Builder
11. Purchase agreement
If the Builder plans to purchase the lot, the application must include a valid purchase agreement between the Buyer and the Builder for the lot to be developed.
12. Financial capability statement
A statement from a financial institution indicating willingness to provide sufficient construction capital to complete the project must be provided.
13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier

- c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.
15. Proof of sufficient worker's compensation insurance coverage by the Builder.
16. Written warranty program
To be provided to the Buyer, which guarantees at a minimum, warranted repairs as required by Minnesota State Statute.

V. Additional Program Requirements

1. The Applicant is expected to meet with an architectural/design consultant prior to submitting an application. A two-hour consultation is available through the HRA at a cost of \$25 to the applicant. See the City's website (www.cityofrichfield.org) for more information. This requirement may be waived if the applicant is using an architect for the project.
2. The site will be sold to the Builder or Buyer at the fair market value as appears on the Lot List. The HRA will not accept offers for less than the established sale price.
3. A Contract for Private Development is signed by the HRA and the Builder or the Buyer. The Contract is a standard form which includes conditions for acquisition and development of the property. The Contract will establish a minimum required end-value for the property based on construction estimates provided by the applicant. The Builder or Buyer will be expected to agree to the terms of the Contract before the application can be scheduled on the HRA agenda.
4. The lot can be sold to either the Builder or the Buyer. If the lot is sold to the Builder, the Builder will pay cash for the lot at closing and submit a Letter of Credit or cash escrow for \$10,000. The Letter of Credit must be from a financial institution incorporated in the Twin Cities metropolitan area. The cash escrow will be held in a non-interest bearing account. The Letter of Credit or cash escrow will be released once the construction and landscape work are completed and a final Certificate of Occupancy is issued.
5. If the lot is sold to the Builder and the Builder fails to complete construction as approved by the HRA, the Letter of Credit or cash escrow may be drawn upon by the HRA. In addition, the Contract for Private Development will contain a reverter provision, which will enable the HRA to reclaim ownership of the property in the event of a default in the Contract. In the event that the Builder fails to complete construction, the HRA may exercise its rights under the reverter provision, as well as draw upon the Letter of Credit or cash escrow.
6. If the lot is sold to the Buyer, the Buyer will pay cash for the lot at closing and a \$10,000 mortgage in favor of the HRA will be filed on the property. The mortgage will be in first position. The HRA may consider subordinating its interest in appropriate cases.
7. If the lot is sold to the Buyer and the Buyer fails to complete construction as approved by the HRA, the HRA may exercise its rights provided in the mortgage.
8. A Buyer, and all members of his/her household, is limited to purchasing no more than one lot every seven years.

VI. House Design and Site Development Requirements

The development of all sites shall meet the development criteria listed below, as reviewed and approved by the HRA. To maximize the development of a given lot, the HRA reserves the right to explore all development options without obligating the HRA to support any specific proposal, idea or solicitation.

Housing design is a critical element of the program. Siding materials, exterior façade presentation, roof, window, siding and building line variability, finished landscape, interior space function and use are all important issues of design to the HRA. The design requirements were created to ensure that the homes built on the HRA-sold lots blend in with the surrounding neighborhood and respond to the specific concerns of the HRA.

All new houses built under the Richfield Rediscovered Program must meet the requirements of the City's Zoning Code and additional criteria, as listed in this document.

A. New House Standards

1. New dwelling must be owner-occupied.
2. Three finished bedrooms are required, at a minimum.
3. Two finished bathrooms are required, at a minimum.
4. Two-car garage is required, at a minimum.
5. A full basement is required, unless the selected design results in a split-level or a garden-level type of basement. In the case of an "accessible" house, a basement may be omitted if it would otherwise prohibit accessible design elements.

B. Site Standards

1. After construction, the site must be fully landscaped, including plantings around the foundation. The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.

At a minimum, the applicant must meet the "Landscaping and Screening Requirements" in the City's Zoning Code under Section 544.03, Subd. 4, [General landscaping requirements](#) and Subd. 5, [Residential sites](#). The code is available on the City's website: <http://www.ci.richfield.mn.us>

To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan.

2. Utility meters shall be screened from street view and locations must be specified on plans.
3. Site drainage should be accommodated on the site so that water is directed away from the new home and the neighboring properties. Neighboring properties must not be disturbed by the creation of drainage swales. Specific storm water management requirements may be required, as appropriate, including the addition of gutters or on-site management for specific sites. Construction and the finished structure must not have a detrimental impact on storm water drainage patterns in the neighborhood.
4. All air conditioning units must be located in the rear yard of the house, or as approved by the HRA.

C. Construction Requirements

1. Existing trees identified on the landscape plan as being preserved, must be protected during construction. A tree wrap with board reinforcements shall be used on trees directly adjacent to active grading and construction areas. Damaged or destroyed trees must be replaced.

2. The construction site, neighboring properties and adjacent public streets shall be kept free of construction debris at all times.
3. No construction workers, construction equipment or construction material shall encroach upon neighboring properties.
4. The property shall have a new sanitary service line installed to the City sanitary sewer main consisting of schedule 40 PVC or equivalent. If there is an existing 6" sewer stub at the property line, it must be lined with 4" schedule 40 PVC or equivalent to the City's sanitary main, and it must include a "donut" at the end with cement.

The line must be televised after installation to ensure the following:

1. There are no obstructions in the line.
2. The PVC liner is not protruding into the City's sanitary sewer main line.

D. General Standards

1. The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
2. All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
3. Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof valleys must have metal valleys and not be woven.
4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.
5. Plans must present a balanced and pleasing distribution of wall, door and window areas from all views.
6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Garages, where the garage door faces the street, shall not be located closer to the front lot line than the foremost facade of the principal building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.
7. All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
9. All new homes shall be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to sound attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.
9. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.

10. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense. The HRA, as owner of the property, will, however, cooperate with the application.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a written plan submitted with the application. A \$5,000 rebate will be provided to the Applicant for projects that obtain certification through LEED for Homes, Minnesota GreenStar or Minnesota Green Communities.

1. *Protect and conserve water and soil.* To reduce water consumption, consider the use of water-conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
2. *Minimize energy consumption.* Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
3. *Enhance indoor environmental quality.* Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
4. *Use environmentally-preferable materials and resources.* Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
5. *Reduce waste.* Reduce and manage wastes generated during the construction process and operation of buildings. If demolition occurs, sort and recycle leftover materials and debris.

VII. City Review Procedure

1. Applicant reviews proposed project with HRA staff before plans are finalized.
2. Applicant submits application, plans, and application fee at least 45 days prior to the HRA meeting.
3. An application is considered to be received when delivered personally to HRA staff in a pre-arranged meeting. If more than one application is submitted for a lot within five-working days, all applications will be reviewed, and the application that best meets the program guidelines will be selected. The application fee will be returned to the Applicant whose proposal was not selected. Following this five-day period, the lot will be considered reserved by the selected application and no additional applications will be accepted for the proposed lot while the application is being processed.
4. If an application is determined to be incomplete, the applicant will have 30 days to submit a complete application. If a complete application is not received within 30 days, the application will be rejected and the lot will be made available for new applications.
5. HRA staff review application to ensure conformance with House Design and Site Development Requirements.
6. HRA staff may reject or accept an application at its sole discretion.
7. HRA staff may choose to issue a Request for Proposals (RFP) for a lot. In this case, Staff issues an RFP, giving a specific time period within which proposals may be submitted. HRA staff review all proposals for consistency with development criteria and program requirements. The proposal that best meets the criteria and requirements is selected to develop the lot. The applicant will have 30 days to submit a complete application. If a complete application is not received within 30 days, the application will be rejected. Staff may elect to award the lot to another submitted proposal or solicit additional proposals.

8. The Builder or Buyer executes a Contract for Private Redevelopment.
9. An application is determined to be complete at least three weeks prior to the HRA meeting.
10. HRA staff publishes a legal notice of the public hearing and prepares a report and recommendation for the HRA.
11. HRA reviews application, conducts a public hearing, and takes action at the HRA meeting.
12. If approved, the Contract for Private Redevelopment is executed by the HRA.

VIII. Lot Sale to Builder or Buyer

1. Upon approval of the application by the HRA, a closing will be scheduled between the HRA and the Builder or Buyer.
2. The HRA will prepare all statements, affidavits, documents, and general release forms required for closing.
3. The Builder applies for a building permit prior to closing. The Builder is responsible for acquiring the necessary building permits with the City of Richfield Building Inspections Division. If changes to the plans are required by the Inspections Division, the applicant must notify HRA staff.
4. The Applicant provides evidence to HRA staff that all requirements to proceed with construction, as determined in the Contract for Private Redevelopment, have been met.
5. The HRA conveys the property to the Builder or Buyer by Quit Claim Deed. The site will be sold to the Builder or Buyer at the fair market value as appears on the Lot List.
6. At closing with the Builder, the Builder provides a Letter of Credit or cash escrow for \$10,000 to the HRA.
7. At closing with the Buyer, the Buyer signs a mortgage and promissory note for \$10,000 in favor of the HRA.
8. Upon completion of the project, the Letter of Credit or cash escrow is released to the Builder or the Buyer's mortgage is released. A Certificate of Completion is executed by the HRA, releasing the obligations of the Contract for Private Redevelopment.

IX. Program Marketing

Richfield Rediscovered program marketing is entirely at the discretion of the HRA. It may include the following:

1. *Buyer Solicitation.* The HRA may market the program to potential Buyers through promotional articles, direct mail, the Internet, or other methods as deemed appropriate. Buyers may be any financially capable individual or household, including first-time buyers, move-up buyers or empty-nesters.
2. *Public Promotion.*
 - a. The HRA will periodically provide information about the program through articles in city publications, on the City's web site, on the Community Cable channel, or via press releases to promote community awareness.
 - b. A public open house may be held to provide an opportunity for residents and other interested parties to collectively view the finished homes. The Parade of Homes Fall Showcase and Spring Preview may also accomplish this.
 - c. Photos will be taken of finished homes and may be used to promote the program.

A program information package will be mailed to all interested participants. The information packet may include the following:

1. Lot List
2. Richfield Rediscovered Lot Sale Procedural Guidelines
3. Application Form
4. Sample Contract for Private Redevelopment

X. Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the “Minnesota Government Data Practices Act”). Under the Minnesota Government Data Practices Act, the names and addresses of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the program application is considered private data.

EXHIBIT C

QUIT CLAIM DEED

STATE DEED TAX DUE HEREON: \$ _____

Date: _____

FOR VALUABLE CONSIDERATION, 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, Grantor, hereby conveys and quit claims to _____, a _____ under the laws of the State of _____, Grantee, real property in Hennepin County, Minnesota, described as follows:

, according to the map or plat thereof on file or of record in the office of the Hennepin County Recorder.

This deed is subject to that certain Contract for Private Development between Grantor and Grantee, dated __, 20__ (the "Contract"), recorded __, 20__, in the office of the Hennepin County **Recorder/Registrar of Titles** as Document No. _____. The Contract provides that the Grantee's rights and interest in the real property described above are subject to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of the Grantor's right to re-enter and revest upon issuance of a Certificate of Completion as defined in the Agreement.

(if more space is needed, continue on back)

together with all hereditaments and appurtenances.

- The Seller certifies that the seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document.
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

*HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD*

Affix Deed Tax Stamp Here

By _____
Its Chairperson

By _____
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF HENNEPIN

The foregoing was acknowledged before me this ____ day of _____, 20__, 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.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

STATE OF MINNESOTA

} ss.

COUNTY OF HENNEPIN

The foregoing was acknowledged before me this _____ day of _____, 20__, 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.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Check here if part or all of the land is Registered (Torrens)

Tax Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

This instrument drafted by:

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

EXHIBIT D

WELL DISCLOSURE

- The Seller certifies that the seller does not know of any wells on the described real property.
- A well disclosure certificate will be filed on or before closing evidencing the sealing of the well described on the attached Well Sealing Record.” [form attached]
- The status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.



WELL DISCLOSURE STATEMENT

Prior to signing an agreement to sell or transfer real property, the seller must **always** disclose in writing (well disclosure statement) the location and status (well status defined below) of all wells on the property to the buyer, along with the legal description and county of the property, and a sketch map showing the location of each well or indicate there are no wells on the property.

WELL DISCLOSURE CERTIFICATE

A Well Disclosure Certificate is required to be filed when there are wells on the property.

- At the time of closing, the well disclosure statement information, along with the property buyer's name and mailing address, must be provided on a Well Disclosure Certificate (WDC) form. When recording a deed or other instrument of conveyance requiring a Certificate of Real Estate Value (CRV), a completed WDC must be filed with the county recorder, including a \$50 fee payable to the county recorder.
- If there is a previously filed WDC and the number of wells and/or the well status has changed, a new WDC must be filed. You may search for previously filed WDCs at:
www.health.state.mn.us/divs/eh/wells/disclosures/disclaimer.html.
- If the number and status of wells on the property remain unchanged since the previously filed WDC, a statement must be placed on the deed or other instrument of conveyance that reads *"I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate."* This statement must be certified by the buyer or seller and no WDC is required.

If there are no wells on the property, a Well Disclosure Certificate is not required to be filed. However, the Seller must certify a statement on the deed or other instrument of conveyance that reads *"The Seller certifies that the Seller does not know of any wells on the described real property."*

INSTRUCTIONS FOR COMPLETING THE WELL DISCLOSURE CERTIFICATE

A \$50 fee must be included when submitting this form to the county recorder's office. The fee is to be paid by the buyer or person filing the deed. Please make the check payable to the County Recorder. A copy of this WDC should be provided to the property buyer at the time of closing.

PROPERTY, BUYER, AND SELLER INFORMATION

- PROPERTY LOCATION LEGAL DESCRIPTION** - Provide the county name; "unplatted" a metes and bounds description (quarter [one quarter section is required] or government lot, section, township, and range number); and/or "platted" (lot number and/or block number, and addition name); property street address (if applicable), and city (this is the physical location of the property not the mailing address); property ID number or parcel number (optional). Attach a complete legal description of the property.
- PROPERTY BUYER MAILING ADDRESS AFTER CLOSING** - Provide the buyer's full name (or company name if buyer is a company), full address, and phone number (including area code). Be sure to include a complete mailing address. If the property is jointly owned, provide the name and complete mailing address of the contact person.

Seller's Name – Please provide the name of the seller in space provided (please print).

- C. **CERTIFICATION BY SELLER** - The seller (or designated representative) should sign this certificate before it is submitted to the county recorder's office. If the seller is unable to sign the document, the buyer (or designated representative) may sign the certificate before it is submitted to the county recorder's office.
- D. **CERTIFICATION BY BUYER** - If the seller is unable to sign the document, the buyer (or designated representative) may sign the certificate before it is submitted to the county recorder's office. Where deeds are given in fulfillment of a **Contract for Deed** the WDC **must** be signed by the **buyer** or the person authorized to act on behalf of the buyer.

Signature Required - There must be at least one signature on the certificate.

WELL INFORMATION

- E. **WELL LOCATION LEGAL DESCRIPTION** - For each well being disclosed the following physical location information is required:
- county name, quartile (one quarter section is required), section, township, and range number; **and/or**
 - county name, government lot, section, township, and range number; **and/or**
 - county name, lot number and/or block number, and addition name

WELL STATUS INFORMATION - Indicate the status of each well. **Check only one box.**

In Use - A well is "in use" if the well is operated on a daily, regular, or seasonal basis. A well "in use" includes a well that operates for the purpose of irrigation, fire protection, or emergency pumping.

Not In Use - A well is "not in use" if the well does not meet the definition of "in use" above and has not been sealed by a licensed well contractor.

- If the well is "not in use," is there a Minnesota Department of Health (MDH) variance for this well? Please provide the variance tracking number (TN), if known.
- If the well is "not in use," is there an MDH maintenance permit for this well? Please provide the permit number, if known.

Sealed - A well is "sealed" if a licensed well contractor has completely filled a well by pumping grout material throughout the entire well after removal of any obstructions from the well. A Well and Boring Sealing Record must be on file with the MDH. Contact the MDH to verify if a sealing record is on file. A well is "capped" if it has a metal or plastic cap or cover which is threaded, bolted, or welded onto the top of the well to prevent entry into the well.

A "capped" well is not a "sealed" well.

Important Well Status Information:

- The MDH will follow-up with the property buyer regarding any wells disclosed as "not in use." If a well is "not in use," the property owner must either return the well to "in use," have the well "sealed" by a licensed well contractor, or obtain an annual maintenance permit from the MDH for \$175.
- Maintenance permits are not transferable. If a well is "in use," a maintenance permit is not required.
- If the well has been "sealed" by someone other than a licensed well contractor or a licensed well sealing contractor, check the well status as "not in use."

Additional Well Information - Provide the following information, if known: Minnesota Unique Well Number or Sealing Record Number, date of well construction or sealing, and name of licensed well contractor.

SKETCH MAP - Complete the sketch map as instructed on the WDC. The location of each well must be indicated. If the location of a well is not known, have the well located by a person qualified to locate wells, such as a licensed well contractor.

If you have questions, please contact the MDH Well Management Section at 651-201-4587 or 800-383-9808. To request this document in another format, call 651-201-4600. Deaf and hard-of-hearing: TTY 651-201-5797. Visit the MDH Well Management Section, Well Disclosure Program website at: www.health.state.mn.us/divs/eh/wells/disclosures.

COUNTY USE ONLY

MDH USE ONLY

MINNESOTA DEPARTMENT OF HEALTH
 Well Management Section, P.O. Box 64975, St. Paul, Minnesota 55164-0975
 651-201-4587 or 800-383-9808

WELL DISCLOSURE CERTIFICATE
PLEASE TYPE OR PRINT ALL INFORMATION

Person filing deed must include a \$50 fee payable to the county recorder.

A. PROPERTY LOCATION LEGAL DESCRIPTION					
Attach a legal description of the property.					
County Hennepin	Section No.	Township No.	Range No.	Quarter (or Government Lot)	
Lot No(s).	Block No.	Addition Name		Outlot	Tract
Property Street Address					
City/Township Richfield			ZIP Code 55423	Property ID No./Parcel No. (optional)	
B. PROPERTY BUYER MAILING ADDRESS AFTER CLOSING					
First Name		Middle Initial	Last Name		
Company Name (if applicable)					
Mailing Address					
Mailing Address					
City	State/Province		ZIP Code	Telephone No. (including area code)	
Provide Name of Seller (please print) <u>Housing and Redevelopment Authority in and for the City of Richfield</u>					
C. CERTIFICATION BY SELLER					
I certify that the information provided on this certificate is accurate and complete to the best of my knowledge.					
_____ Signature of Seller or Designated Representative of Seller				_____ Date	
D. CERTIFICATION BY BUYER					
For fulfillment of a contract for deed, the buyer or person authorized to act on behalf of the buyer, <u>must</u> sign a Well Disclosure Certificate if there is a well on the property.					
In the absence of a seller's signature, the buyer, or person authorized to act on behalf of the buyer may sign this Well Disclosure Certificate. No signature is required by the buyer if the seller has signed above.					
Based on disclosure information provided to me by the seller or other available information, I certify that the information on this certificate is accurate and complete to the best of my knowledge.					
_____ Signature of Buyer or Designated Representative of Buyer				_____ Date	
IMPORTANT NOTE: The Minnesota Department of Health (MDH) will follow-up with the property buyer regarding any wells disclosed as not in use. If a well is not in use, the property owner must either return the well to use, have the well sealed by a licensed well contractor, or obtain an annual maintenance permit from the MDH for \$175. A copy of this Well Disclosure Certificate should be provided to the property buyer at the time of closing.					



**MINNESOTA DEPARTMENT OF HEALTH
WELL DISCLOSURE CERTIFICATE
PLEASE TYPE OR PRINT ALL INFORMATION**

Indicate Total Number of Wells on Property _____
--

Fill out a separate well information page if more than **two** wells are located on the property.

E. WELL LOCATION LEGAL DESCRIPTION

WELL #1 – If the property legal description has more than one section, township, or range number; quarter (or government lot); or lot or block number; provide specific legal description information regarding the physical location of this well.

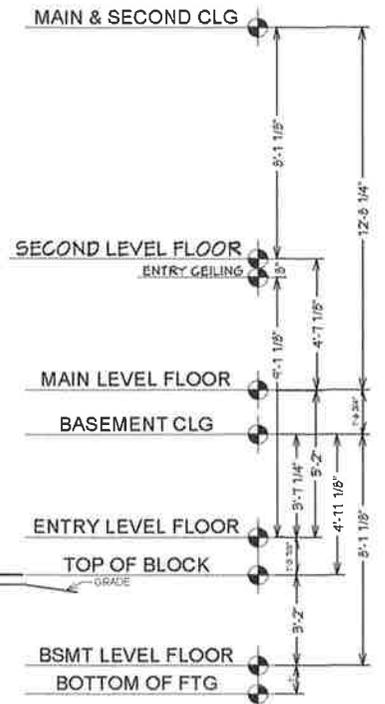
County Hennepin		Section No.	Township No.	Range No.	Quarter (or Government Lot)
Lot No.	Block No.	Addition Name		Outlot	Tract
					MN Unique Well No. or Sealing Record No.
WELL STATUS (Check only one box) WELL IS: <input type="checkbox"/> In Use (1) <input type="checkbox"/> Not in Use (2) <input type="checkbox"/> Sealed by Licensed Well Contractor (3)* *Call MDH to verify sealing record is on file.					Date of Well Construction or Sealing
If the well has been sealed by someone other than a licensed well contractor or a licensed well sealing contractor, check the well status as not in use. Also see "IMPORTANT NOTE" on page 1.					Name of Licensed Well Contractor
If well is not in use, is there an MDH variance for this well? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide the variance tracking number (TN) _____			If the well is not in use, is there an MDH maintenance permit for this well? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide the permit number _____		

WELL #2 – If the property legal description has more than one section, township, or range number; quarter (or government lot); or lot or block number; provide specific legal description information regarding the physical location of this well.

County		Section No.	Township No.	Range No.	Quarter (or Government Lot)
Lot No.	Block No.	Addition Name		Outlot	Tract
					MN Unique Well No. or Sealing Record No.
WELL STATUS (Check only one box) WELL IS: <input type="checkbox"/> In Use (1) <input type="checkbox"/> Not in Use (2) <input type="checkbox"/> Sealed by Licensed Well Contractor (3)* *Call MDH to verify sealing record is on file.					Date of Well Construction or Sealing
If the well has been sealed by someone other than a licensed well contractor or a licensed well sealing contractor, check the well status as not in use. Also see "IMPORTANT NOTE" on page 1.					Name of Licensed Well Contractor
If well is not in use, is there an MDH variance for this well? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide the variance tracking number (TN) _____			If the well is not in use, is there an MDH maintenance permit for this well? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide the permit number _____		

SKETCH MAP – Sketch the location of the well(s) and include estimated distances from roads, streets, and buildings. If more than one well on property, use the well location number above to identify each well. The location of the well(s) must be provided. If the location of a well is not known, have the well located by a person qualified to locate wells, such as a licensed well contractor.

Information provided on this form is classified as public information under Minnesota Statutes, Chapter 13.
 To request this document in another format, call 651-201-4600. Deaf and hard-of-hearing: TTY 651-201-5797.
 Visit the MDH Well Management Section, Well Disclosure Program website at: www.health.state.mn.us/divs/eh/wells/disclosures.
 HE-01387-12 IC# 140-0385 orig/well disclosure certificate-instructions 7/21/2011R



2
A1 REAR ELEVATION
SCALE: 1/4" = 1' 0"

1
A1 FRONT ELEVATION
SCALE: 1/4" = 1' 0"
ALL DIMENSIONS TO OS SHEATHING
BUILDING TO BE CONSTRUCTED PER MN/IRC 2015 CODE W/ 2015 ENERGY CODE

BUILDING ENVELOPE TO BE COMPRISED OF TYVEK WATER RESISTIVE BARRIER AND SHALL BE INSTALLED PER TYVEK INSTALLATION GUIDELINES
WINDOWS AND DOORS SHALL BE FLASHED AND SEALED PER TYVEK FLASHING SYSTEMS INSTALLATION GUIDELINES



3
A1 RIGHT ELEVATION
SCALE: 3/16" = 1' 0"

REVISION TABLE	NUMBER	DATE	REVISION BY	DESCRIPTION

6412 BLOOMINGTON AVE S
RICHFIELD

DRAWINGS PROVIDED BY:
Endres
custom homes
7285 S. Kriebel Trail, Ancker, Grove Heights, MO 65037

DATE:

5/19/2019

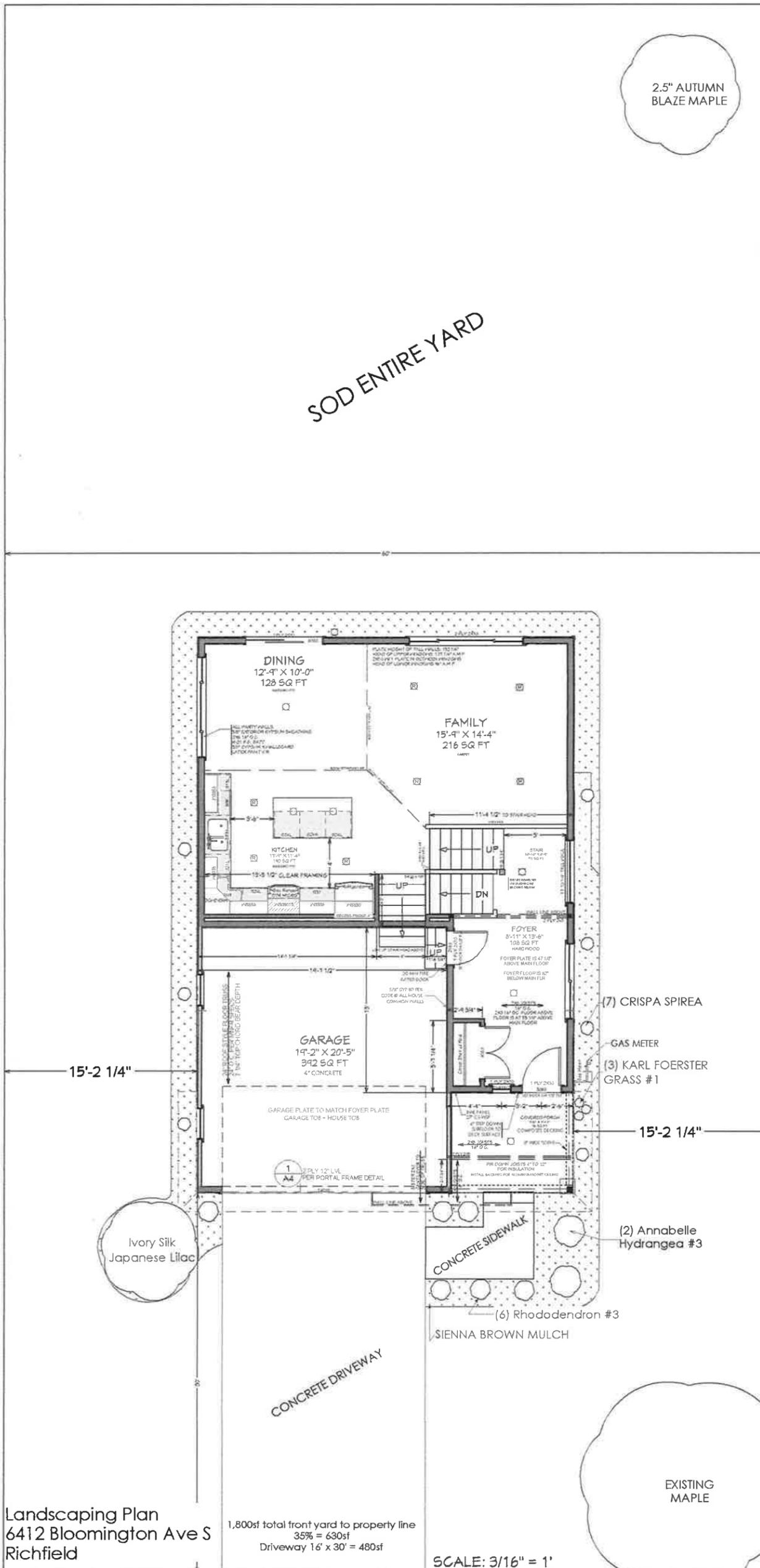
SCALE:

SHEET:

A1

2.5" AUTUMN
BLAZE MAPLE

SOD ENTIRE YARD



Landscaping Plan
6412 Bloomington Ave S
Richfield