Statement of Purpose

The Richfield Apartment Remodeling Program (ARP) was established by the Richfield Economic Development Authority (EDA) to encourage investment in the City’s apartment buildings and improve the City’s rental housing stock. The purpose of ARP is to provide financial incentives to owners of residential apartment property to make physical improvements to their properties.

NOTE: Procedural Guidelines are a tool for guiding program administration. Procedural Guidelines do not constitute a contractual agreement or liability on the part of the City or the Economic Development Authority (EDA).

Program Objectives

- To maintain and improve Richfield’s rental housing stock.
- To offset costs associated with deferred maintenance and updates associated with rental housing.
- To incentivize owners to invest private resources into apartment buildings.
- To preserve naturally-occurring affordable rental housing.
- To stabilize and improve neighborhoods.

Criteria for Eligibility

1. Residential rental property with four or more units.
2. Only one Loan will be provided per eligible property during the 15-year loan period.
3. The building(s) to be improved must be at least 30 years old.
4. The Property must be located within the City of Richfield municipal boundaries.
5. The Applicant must have a current rental housing license for the Property and be in compliance with applicable city codes and ordinances.
6. The combined loan-to-value ratio of all loans secured by the property must not exceed 110% of the property value.
7. The Applicant must be current on mortgage/contract for deed payments and property taxes.

Terms and Conditions of the ARP Loan

1. Funds will be awarded in the form of a fifteen-year, zero-interest, forgivable Loan.
2. If a Borrower sells or transfers title of the property before the maturity date, the Borrower will be responsible for repaying the Loan in full.
3. If a Borrower retains ownership and continues to rent the Property for the full length of the loan term, the lien will be forgiven fifteen years from the date of the loan.
4. Minimum loan amount = $5,000
   Maximum loan amount per building = $50,000
   Maximum amount per unit = $5,000
The EDA Board may consider requests for loan amounts more than the maximum.

5. Loan funds must be matched on a 1:1 basis by other funds.
6. Funding is available on a limited basis. The EDA is not responsible for unavailability of Loan funds to Applicants.
7. Funding an application is at the EDA’s discretion.

**Application Procedure**

The Applicant must:

1. Complete the Application Form (Exhibit A).
2. Submit completed Application Form and all required documentation, including a rehabilitation plan, at least one bid(s), and digital photos. The EDA reserves the right to require a second bid.
3. Submit the $300 application fee.

The EDA will:

1. Review applications for completeness and compliance with ARP Guidelines.
2. Review and award Applications on a first-come, first-served basis, based on the date of receipt and completeness of the application, as determined by the EDA. Priority may be given to buildings that qualify as Naturally Occurring Affordable Housing (NOAH) and to projects that don’t displace current tenants.
3. If the Application is determined to be eligible and funds are available, will provide a Loan commitment letter to the Applicant.

**Loan Process**

1. Upon receipt of a Commitment letter, the Borrower has 30 days to close on the loan.
2. A lien will be placed against the Property by the EDA for the full Loan amount through a Mortgage and Promissory Note (Exhibits B and C). The Borrower will provide the EDA with an executed mortgage in recordable form. The Loan recipient must also provide to the EDA an executed Promissory Note, Loan Agreement, Errors and Omissions Acknowledgement Agreement, and Certificate and Request for Notice: Foreclosure. (See examples in Exhibits B, C, D, E, and F.) The Borrower will pay the cost of recording the mortgage.
3. Work must be completed and funds requested within 180 days of the Loan closing date.
4. Loan funds will be paid upon completion of the work. The following items must be received prior to final disbursement of funds:
   1) final invoice from contractor;
   2) lien waivers for the full amount of the payment, and
   3) a Completion Certificate signed by the city inspector, the Borrower, and Contractor (Exhibit G).
5. If at any time during the life of the ARP Loan an Event of Default occurs or the Loan matures prior to the original fifteen year term, the Loan will be required to be repaid in full.
6. A satisfaction of Mortgage (Exhibit H) in recordable form will be provided upon receipt of repayment of the Loan or at the end of the repayment period. The ARP Loan may also be paid in full at any time.
Eligible/Ineligible Improvements

1. Value-added improvements, such as remodeling kitchens and/or bathrooms.
2. Maintenance and repair, such as roof replacement, window/door replacement, or electrical updates.
3. Furnaces, water heaters, and central air conditioning.
4. Cosmetic improvements, such as painting or flooring replacement/repair.
5. Improvements to common areas, as approved by EDA staff.
6. Energy-efficient-related improvements, such as insulation, caulking, or air sealing.
7. Permanent landscaping, as determined by EDA staff.
8. Swimming pools, hot tubs, and appliances (except for built-in appliances) are not eligible for loan funds.
9. Improvements begun prior to the day of closing are not eligible for loan funds.

Contractors/Permits

1. All work must be performed by a licensed Contractor(s), when required by city/state ordinance.
2. All proper permits must be obtained per city code.
3. During the rehabilitation process, required inspections must be arranged by the Applicant or Contractor. Additional inspections may be requested by EDA staff.
4. Work can be performed on a “sweat equity” basis; however, loan funds cannot be used to compensate for labor, only for materials. The owner must clearly demonstrate the ability to complete the work in a quality manner and within the program time requirement. The EDA reserves the right to deny a loan if it determines that this requirement is not likely to be met. When required by city ordinance, a building permit must be obtained by the Borrower.

General Conditions

1. Borrowers shall not discriminate against holders of Section 8 vouchers or other forms of rent assistance.
2. In the event of a sale of the property, Borrowers shall provide the EDA with 90 days’ written notice, prior to closing on the sale of the property.

General Program Marketing

Program marketing is entirely at the discretion of the EDA. It may include the following:
- Promotional Articles
- Direct Mail or Email contact
- Website announcements

Data Privacy

The EDA 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.

**Hold Harmless**

Applicants shall indemnify and hold harmless the EDA and the City, their officers, agents, and employees from and against all claims, loss, damage, cost, and expense alleged to have resulted from any remodeling or rehabilitation work completed with the funds provided under ARP.

No EDA officer authorized to take part in administering the ARP Loan Program, in his or her official capacity, shall have a personal financial interest or benefit financially from the Loan. No member, official, or employee of the EDA shall be personally liable to the Buyer, or any successor in interest, for any act or omission of the EDA or for any amount which may become due to the Applicant or successor or on any EDA obligations.

**Definitions**

**Applicant**—Person or persons who apply for ARP funding.

**ARP Loan or Loan**—Interest-free loan offered by the EDA for rehabilitating a Property. The maximum loan amount is $50,000 and $5,000 per unit. The Loan is payable upon sale of the Property or forgiven after 15 years.

**Borrower** – The person receiving the loan.

**City** — The City of Richfield.

**Combined Loan-to-Value Ratio (CLTV)** – The sum of all debt owed against a property divided by the total value of the property.

**Contractor** – A professional, appropriately licensed by the Minnesota Department of Labor, hired by the Applicant to complete all or a portion of the Improvements.

**Economic Development Authority (EDA)** – The Richfield Economic Development Authority.

**Deferred Loan** – Payment of the loan is deferred until such time as the loan matures. The loan requires no payments or interest as long as the terms of the Note and Mortgage are being met.

**Event of Default** – A default under a Mortgage or Loan Agreement executed by the Buyer for purposes of an ARP Loan.

**Improvements** — Each and all of the remodeling or rehabilitation to be constructed on the Property by the Applicant, as specified in the Rehabilitation Plans approved by the EDA.

**Loan Agreement** – A contract between a Borrower and the EDA that regulates the mutual promises made by each party.
Mortgage and Holder — The Mortgage shall include financing creating an encumbrance or lien upon the Property or any part thereof, as security for a loan. The Holder includes any insurer or guarantor (other than the Buyer) of any obligation or condition secured by such mortgage or deed of trust.

Naturally Occurring Affordable Housing (NOAH) - Residential rental properties that maintain affordable rents without public subsidies. Properties charge rents that are affordable to a household earning less than 60 percent of the Area Median Income (AMI), as published annually by the Department of Housing and Urban Development.

Property – The rental property identified in the ARP application.

Rehabilitation Plans — Collectively, the plans, drawings, and documents related to the Improvements.

Rental Property — A property from which the owner receives payment from an occupant(s) in return for occupying the property for at least 12 months prior to applying for an ARP Loan.

Sweat Equity — Improvements made to a property by the property’s owner.
List of Exhibits

Exhibit A – Application Form
Exhibit B – Mortgage
Exhibit C – Promissory Note
Exhibit D - Loan Agreement
Exhibit E – Errors and Omissions Acknowledgement Agreement
Exhibit G – Certificate and Request for Notice: Foreclosure
Exhibit H - Satisfaction of Mortgage
EXHIBIT A

APARTMENT REMODELING PROGRAM
Application

<table>
<thead>
<tr>
<th>APPLICANT INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Applicant(s)</td>
</tr>
<tr>
<td>Address of Subject Property</td>
</tr>
<tr>
<td>Legal Name of Property Owner</td>
</tr>
<tr>
<td>Applicant(s) current address</td>
</tr>
<tr>
<td>Applicant(s) phone number</td>
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<tr>
<td>Applicant(s) email address</td>
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<tr>
<td>Amount of Loan Requested</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LENDER INFORMATION (if applicable)</th>
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</thead>
<tbody>
<tr>
<td>Proposed Closing Date</td>
</tr>
<tr>
<td>Lending Institution</td>
</tr>
<tr>
<td>Lender contact person</td>
</tr>
<tr>
<td>Lender phone number</td>
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<tr>
<td>Lender email address</td>
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<tr>
<td>Mailing address</td>
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</table>

**APPLICATION REQUIREMENTS:** A completed application packet must be received before formal review will begin.

- $300 Application Fee
- Picture of the Property, front as well as area(s) to be improved (digital format)
- Rehabilitation Plan (use form in Attachment A)
- Copy of Bid(s)
- Evidence of financing commitment for matching funds

<table>
<thead>
<tr>
<th>APPLICANT(S) SIGNATURE(S)</th>
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<tbody>
<tr>
<td>Signature</td>
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<tr>
<td>Signature</td>
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Date Received: ____________________________________

ARP Guidelines  March 19, 2018  7
**PROJECT INFORMATION**

Provide a description of improvements to be made:

---

**Contractor(s) and subcontractors:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Contact Name</th>
<th>Phone Number</th>
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**PROPERTY INFORMATION**

<table>
<thead>
<tr>
<th>Total # of units in building to be improved</th>
<th></th>
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<tbody>
<tr>
<td>Total # of units in apartment complex</td>
<td></td>
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<tr>
<td>Amount of debt owed against the property</td>
<td></td>
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<tr>
<td>Property value</td>
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</table>

<table>
<thead>
<tr>
<th>Rents charged by unit size</th>
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<tbody>
<tr>
<td># of Efficiency/Studio units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 1 bedroom units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 2 bedroom units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 3 bedroom units:</td>
<td>Rent range:</td>
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</table>

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<thead>
<tr>
<th>Proposed rents following rehab (if changing)</th>
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</thead>
<tbody>
<tr>
<td># of Efficiency/Studio units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 1 bedroom units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 2 bedroom units:</td>
<td>Rent range:</td>
</tr>
<tr>
<td># of 3 bedroom units:</td>
<td>Rent range:</td>
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</table>
REHABILITATION PLAN

PROPERTY ADDRESS: __________________________________________________________

<table>
<thead>
<tr>
<th>ITEM - DESCRIPTION</th>
<th>CONTRACTOR</th>
<th>COST ESTIMATE</th>
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<tbody>
<tr>
<td>Example: Replace Roof</td>
<td>A-1 Roofing</td>
<td>$ 25,000</td>
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<tr>
<td>1.</td>
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<td>12.</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>$</strong></td>
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</table>

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<tr>
<th>SOURCE OF FUNDS</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>1. Richfield HRA</td>
<td>$</td>
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<tr>
<td>2.</td>
<td></td>
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<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

*Note: Loan funds must be matched 1:1 with other funds.*

☐ If applicable, attach plans prepared by a qualified draftsperson or architect.
FORM OF MORTGAGE

(Top 3 inches reserved for recording data)

MORTGAGE

MORTGAGE REGISTRY TAX DATE: _______________, 20__
DUE: $______________

☐ CHECK IF APPLICABLE: NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, ENFORCEMENT OF THIS MORTGAGE IN MINNESOTA IS LIMITED TO A DEBT AMOUNT OF $[...] UNDER CHAPTER 287 OF MINNESOTA STATUTES.

THIS MORTGAGE (“Mortgage”) is given by ______________________ [entity type/individual] [include spouse if married individual], as mortgagor (“Borrower”), to the Richfield Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, as mortgagee (“Lender”), in consideration of the receipt of ________________ Dollars ($____________) (the “Indebtedness”) from Lender. Borrower hereby mortgages, with power of sale, the real property in Hennepin County, Minnesota, legally described as follows:

[Insert legal description]

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances belonging thereto (the “Property”), subject to the following exceptions:

(a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record, if any;
(b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
(c) Utility and drainage easements which do not interfere with present improvements;
(d) Applicable laws, ordinances, and regulations;
(e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
(f) The following liens or encumbrances, if any: [insert encumbrances]

Borrower covenants with Lender as follows:

1. Repayment of Indebtedness. If Borrower (a) pays the Indebtedness to Lender according to the terms of the Promissory Note or other instrument of even date herewith that evidences

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the Indebtedness and all renewals, extensions, and modifications thereto (the “Note”), final payment of which is due on ______________, 20__,; (b) repays to Lender, at the times as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (c) keeps and performs all the covenants and agreements contained herein, then Borrower’s obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. No interest shall accrue on the Indebtedness. It is Borrower’s responsibility to record any satisfaction of this Mortgage at Borrower’s expense.

2. **Statutory Covenants.** Borrower makes and includes in this Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:

   (a) To warrant the title to the Property;
   
   (b) To pay the Indebtedness as herein provided;
   
   (c) To pay all taxes;
   
   (d) That the Property shall be kept in repair and no waste shall be committed;
   
   (e) To pay principal and interest on prior mortgages (if any).

3. **Additional Covenants and Agreements of Borrower.** Borrower makes the following additional covenants and agreements with Lender:

   (a) Borrower shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the “Improvements”) insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. Such insurance shall be in an amount no less than the full replacement cost of the Improvements, without deduction for physical depreciation. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Borrower shall procure and maintain flood insurance in amounts reasonably satisfactory to Lender. Borrower shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.

   (b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so-called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota and acceptable to Lender. Each policy must provide for not less than ten (10) days written notice to Lender before cancellation, non-renewal, termination, or change in coverage. Borrower will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.

   (c) If the Property is damaged by fire or other casualty, Borrower must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Borrower pursuant to the Note, even if such amounts are not otherwise then due, unless Borrower is permitted to make an election as described in the next paragraph. Such amounts will be applied to the principal to be paid as provided in the Note. The balance of insurance proceeds, if any, will be the property of Borrower.

   (d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Borrower and Lender in writing, if (i) Borrower is not in default under this Mortgage (or after Borrower
has cured any such default; (ii) the mortgagees under any prior mortgages do not require otherwise; and (iii) such damage does not exceed ten percent (10%) of the then assessed market value of the Improvements, then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the “Repairs”) deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undischarged escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under the Note in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof must be returned to payment of the amounts due by Borrower to Lender under the Note as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Borrower will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Borrower will pay all dues, fees, or assessments, if any, which are due and payable by Borrower to any homeowners or similar association as a result of the Property’s inclusion therein.

(h) Borrower will pay any other expenses and attorneys’ fees incurred by Lender pursuant to the Note or as reasonably required for the protection of the lien of this Mortgage.

4. Payment by Lender. If Borrower fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the same rate set forth in the Note, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Mortgage secures the repayment of such advances.

5. Default. In case of default (i) in the payment of sums to be paid under the Note or this Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Mortgage, (iii) under the terms of the Note, or (iv) under any addendum attached to this Mortgage, Lender may declare the unpaid balance of the Note, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in
accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys’ fees permitted by law, which costs, charges, and fees Borrower agrees to pay.

6. Residential Mortgages. Notwithstanding the provisions of Paragraph 5, if the Indebtedness is a “conventional loan” as defined in Minn. Stat. 47.20, subd. 2(3), Borrower and Lender further covenant and agree as follows:

(a) Lender shall furnish to Borrower a conformed copy of the Note and this Mortgage at the time of execution or within a reasonable time after recordation hereof.

(b) Upon default by Borrower of any covenant or agreement under the terms of this Mortgage, Lender shall give notice to Borrower prior to foreclosure as provided in Paragraph 6(c) and such notice shall specify: (i) the nature of the default; (ii) the action required to cure the default; (iii) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which the default must be cured; (iv) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property; (v) that Borrower has the right to reinstate this Mortgage after acceleration; and (vi) that Borrower has the right to bring a court action to assert the non-existence of the default or any other defense of Borrower to acceleration and sale.

(c) In addition to any notice required under applicable law to be given in another manner, (i) any notice to Borrower provided for in this Mortgage shall be addressed to Borrower and given by mailing the notice via certified mail to the Property address (or to such other address as Borrower may designate by written notice to Lender as provided herein), and (ii) any notice to Lender shall be given by mailing the notice via certified mail to the following address (or to such other address as Lender may designate by written notice to Borrower as provided herein):

To Lender: Richfield Economic Development Authority
6700 Portland Avenue
Richfield, MN 55423
Attn: Executive Director

To Borrower: [BORROWER]
[ADDRESS]
[Attn: _______________________]  

7. Governing Law; Severability. This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

8. Additional Terms. Check this box □ if Minnesota Uniform Conveyancing Blank 20.2.1 or any other addendum (either one or more) containing additional terms and conditions is attached to this Mortgage. If the foregoing box is not checked, then this Mortgage shall not contain any such additional terms and conditions. The number of additional attached pages is __________. Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.
IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

[BORROWER -- entity]

By

Its

[BORROWER -- individual]

By

Printed Name

[include spouse if married individual]

STATE OF MINNESOTA

COUNTY OF HENNEPIN

The foregoing instrument was acknowledged before me this _____ day of __________, 20___, by ___________________________, the ___________________________, a ______________, on behalf of the Mortgagor.

Notary Public

This document drafted by:

Richfield Economic Development Authority
6700 Portland Avenue
Richfield, MN 55423

Note: Failure to record or file this mortgage may give other parties priority over this mortgage.
FORM OF PROMISSORY NOTE

PROMISSORY NOTE
(APARTMENT REMODELING PROGRAM)

$_________ Date: ________________, 20__

____________________, a [entity type/individual][include spouse if married individual] (the “Maker”), for value received, hereby promises to pay to the Richfield Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, or its assigns (collectively referred to herein as the “Holder”), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of $_________ or so much thereof as may be advanced under this Note, without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. Any capitalized terms used herein that are otherwise not defined shall have the meanings assigned such terms in the Loan Agreement of even date herewith (the “Loan Agreement”) between the Holder and the Maker.

1. If the Maker does not sell the Property within 15 years of the Loan Closing Date and does not default under the Agreement, no payments shall be payable on this Note and the entire principal balance shall be forgiven.

2. If the Loan is not forgiven by the Holder, the entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) 30 days after written notification by Holder to Maker of the occurrence of any default or non-compliance with any provision or requirement of the Loan Agreement of even date herewith (the “Agreement”) between the Maker and the Holder, which includes the Program Guidelines; or (ii) 10 days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property, if such transfer occurs within 15 years following the date of this Note.

3. This Note is given pursuant to the Agreement between the Maker and Holder. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

4. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys’ fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Holder of this Note as provided herein, and in the Agreement, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.
The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. If any Event of Default occurs, and if the Holder engages legal counsel or others in connection with advice to the Holder or the Holder’s rights and remedies under the Agreement or this Note, the Maker shall pay all reasonable expenses incurred by the Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note.

8. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

9. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the Maker has caused this Promissory Note to be duly executed as of the date and year first written above.

[BORROWER -- entity]

By __________________________________________

Its. __________________________________________

[BORROWER – individual]

By __________________________________________

By________________________________________

Printed Name __________________________________________

[include spouse if married individual]
EXHIBIT D

LOAN AGREEMENT
(APARTMENT REMODELING PROGRAM)

THIS LOAN AGREEMENT (the “Agreement”) is made and entered into this ___ day of __________, 20__, between the Richfield Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (the “EDA”), and [entity type/individual] (the “Borrower”).

RECITALS

WHEREAS, the EDA has established the Apartment Remodeling Program (the “Program”), which is a local incentive program designed to provide owners of residential apartment property located within the City of Richfield (the “City”) with financial support in order to encourage such owners to make physical improvements to their property; and

WHEREAS, the EDA has approved the Apartment Remodeling Program Procedural Guidelines (the “Program Guidelines”), which are attached hereto as EXHIBIT A and fully incorporated into this Agreement, providing, in part, a summary and background of the Program, Program eligibility requirements, Program terms, a list of Program-eligible improvements, and other Program-specific policies and procedures; and

WHEREAS, the Borrower is fee owner of certain real property located at _______________ in the City (the “Property”), which contains ______ building(s) with _______ units per building, which the Borrower proposes to make improvements to with Program assistance; and

WHEREAS, pursuant to the Program Guidelines, the Borrower has made application to the EDA to participate in the Program, and the EDA has determined that the Borrower is eligible to participate; and

WHEREAS, the EDA has agreed to lend to the Borrower, upon execution of this Agreement, a loan in the amount of $___________ for improvements of the Property (the “Loan”), subject to additional approvals by the EDA and compliance with all requirements of the Program Guidelines; and

WHEREAS, the parties understand that if the Borrower satisfies certain requirements contained in this Agreement, the Loan shall be forgiven; and

WHEREAS, the EDA has reviewed this Agreement and finds that execution of this Agreement by the EDA and performance of the EDA’s obligations hereunder are in the best interests of the EDA, the City, and its residents; and

WHEREAS, the parties are authorized and empowered to enter into this Agreement under the laws of the State of Minnesota; and

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the EDA and the Borrower agree as follows:

1. The recitals set forth in the preamble to this Agreement and the exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein. The Borrower agrees to fully comply with the Program Guidelines and acknowledges that all terms, conditions, and requirements contained in the Program Guidelines, as attached hereto as EXHIBIT A, are made a part of this Agreement.
2. The Borrower intends to make certain Program-eligible improvements to the Property in accordance with its application, including the following: _______________ (the “Improvements”). The EDA agrees to provide the Loan in an amount not to exceed $ ____________ to the Borrower as reimbursement for up to 50% of the total cost of the Improvements upon delivery of the following items to the EDA: (i) a final invoice from the contractor for the Improvements (the “Contractor”); (ii) lien waivers for the full amount of the payment; and (iii) a completion certificate (in the form provided by the Program Guidelines) executed by the City inspector, the Borrower, and the Contractor. The Improvements must be completed and the Borrower must request the disbursement of the Loan within 180 days of ________________, 20__ (the “Loan Closing Date”). The parties understand that proceeds of the Loan may not be disbursed until the improvements have been completed.

3. The Loan is evidenced by a Promissory Note of even date herewith (the “Note”), from the Borrower to the EDA. The Loan shall be for a term of 15 years (the “Term of the Loan”), commencing on the Loan Closing Date, and shall not accrue interest. If the Borrower retains ownership of and continues to rent out the residential apartment property during the full Term of the Loan, then the Loan shall be forgiven at the end of the Term of the Loan. The Note is substantially in the form attached hereto as EXHIBIT B.

4. In connection with the execution of this Agreement, the Borrower has executed and delivered to the EDA a Mortgage of even date herewith (the “Mortgage”). The Mortgage shall be filed with the County Recorder and/or the Registrar of Titles of Hennepin County, Minnesota (the “County”), as applicable. The EDA shall maintain a lien on the Property pursuant to the Mortgage. Following the satisfaction of the term of the Loan, whether by forgiveness or a default by the Borrower under the terms hereof, the EDA shall satisfy the Mortgage and cause such satisfaction to be filed against the Property in the real estate records of the County. All recording fees shall be paid by the Borrower. The Mortgage is substantially in the form attached hereto as EXHIBIT C.

5. The Borrower shall not discriminate against holders of Section 8 vouchers or other forms of rental assistance.

6. The Borrower shall provide the EDA with at least 90 days’ written notice prior to closing on the sale of the Property. If the sale of the Property occurs before the maturity date of the Loan, the Loan must be repaid in full within thirty (30) days. For purposes of this Agreement, a “sale” shall not include the transfer of the Property to an heir of the Borrower or the transfer of the Property to an affiliate, co-owner, partner or member of the Borrower.

7. The EDA acknowledges receipt of executed copies of the Errors and Omissions Acknowledgement Agreement and the Certificate and Request for Notice: Foreclosure, in forms deemed acceptable to the EDA.

8. Failure to comply with any term, covenant, condition, or requirement contained in this Agreement, including the Program Guidelines, or contained in the Note, the Mortgage, or other instrument executed in connection with this Agreement, following thirty (30) days’ written notice by the EDA specifying the form of said non-compliance, shall constitute a breach of this Agreement and a default by the Borrower. If the Borrower does not repay the Loan within thirty (30) days of sale of the Property as described in Section 6, such failure to repay shall also constitute a default under this Agreement.

If any default shall occur, the EDA may declare the Loan provided to Borrower to be due and payable in accordance with the terms of the Note. The EDA may also pursue remedies available under
the terms of any mortgage or other instrument executed to secure its interests in the Loan or the Property, and other such remedies as may be available under local, state, or federal laws.

9. Without limitation of any provision set forth herein, the Borrower agrees to pay to the EDA any costs or expenses, including without limitation attorneys' fees, incurred by the EDA in enforcing any provision of this Agreement.

10. Except as expressly set forth herein, nothing in this Agreement shall constitute a limitation or waiver of the EDA's or the City's right to enforce any ordinance, law, rule, or regulation.

11. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the EDA, including its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the EDA by reason of any alleged obligations or undertakings on the part of the EDA to perform or discharge any of the terms, covenants, or agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of the Loan. The Borrower waives notice of the acceptance of this Agreement by the EDA. Nothing in this Agreement shall constitute a waiver or limitation of the EDA's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466, or otherwise.

12. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

To the Borrower: [BORROWER]
[ADDRESS]
[Attn: __________________]

To the EDA: Richfield Economic Development Authority
6700 Portland Avenue
Richfield, MN 55423
Attn: Executive Director

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.

13. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

14. The EDA and the Borrower acknowledge that nothing contained in this Agreement or any act by the EDA and the Borrower shall be deemed or construed by the parties or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the EDA, the City, and the Borrower.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of the State of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
16. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by both parties. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

17. This Agreement may be modified solely through written amendments executed by both the Borrower and the EDA.

18. The Borrower shall not assign, subcontract, transfer, or pledge this Agreement whether in whole or in part, without the prior written consent of the EDA.

19. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

20. This Agreement, together with the exhibits hereto, which are expressly incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement or concerning the Loan.

21. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, ordinances, pertinent regulations, standards, and specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.

22. Each of the undersigned parties warrants it has the full authority to execute this Agreement.

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

RICHFIELD ECONOMIC DEVELOPMENT AUTHORITY

By ______________________________________
Its President

By ______________________________________
Its Executive Director
Execution page of the Borrower to the Loan Agreement dated as of the date and year first written above.

[BORROWER -- entity]

By
Its

[BORROWER – individual]

By
Printed Name

[If individual married, include spouse as party]
EXHIBIT E

ERRORS, OMISSIONS AND ACKNOWLEDGMENT AGREEMENT

________________________ (the “Mortgagor”) acknowledges that the Housing and Redevelopment Authority in and for the City of Richfield (“HRA” or “Mortgagee”) is handling all or part of the closing of the mortgage from the HRA to Mortgagor encumbering property at ____________________, Richfield, MN 55423.

The Mortgagor acknowledges that the HRA CLOSING AGENT HAS NOT EXPRESSED OPINION REGARDING THE LEGAL EFFECT OF THE CLOSING DOCUMENTS OR OF THE CLOSING ITSELF.

Mortgagor agrees to re-execute any of the closing documents, execute any further documents which are necessary to complete closing of the mortgage contemplated by the agreement between the parties, and cooperate in correcting any clerical errors or miscalculations of any figures in said closing.

Dated: ____________________

MORTGAGOR: ____________________

By: ____________________

By: ____________________

MORTGAGEE: ____________________

Housing and Redevelopment Authority in and for the City of Richfield

By: ____________________

Its: ____________________

362592v1 CBR RC125-41
CERTIFICATE AND REQUEST FOR NOTICE
by Business Entity

1. The name and mailing address of the person holding a lien or having a redeemable
interest in real property requesting notice is: Housing and Redevelopment Authority in and for the
City of Richfield, a public body corporate and politic under the laws of Minnesota ("Requesting
Party").

2. The redeemable interest or lien of the Requesting Party was created by the following
instrument:
[insert name of document/instrument] dated [month/day/year] and recorded on
[month/day/year], as Document Number [...] (or in Book [...] of [...] Page [...]), in the Office of the
☐ County Recorder ☐ Registrar of Titles of Hennepin County, Minnesota.

3. The Requesting Party has a redeemable interest in or lien upon real property in Hennepin
County, Minnesota, described as follows:
[insert legal description...]

Check here if all or part of the described real property is Registered (Torrens) ☐

4. The Requesting Party requests notice of any mortgage foreclosure by advertisement as
provided in Minn. Stat. 580.032, subd. 1.
EXHIBIT G

Richfield Economic Development Authority
COMPLETION CERTIFICATE

Note: This form must be signed by all parties before release of full or partial payment under the Richfield Transformation Loan Program.

Homeowner

Property Address

CONTRACTOR: The undersigned Contractor hereby certifies that the improvements specified by the Work Contract pertaining to the above Homeowner have been completed in their entirety and in accordance with the agreement between the undersigned and the Homeowner, and that all work performed by the undersigned is subject to and in conformity with the Contractor's Warranty set forth in said Work Contract. The Contractor affirms that all required permits were obtained from the Richfield Inspections Division.

Name of Firm

$.

Signature of Authorized Representative

Amount of Contract Completed

INSPECTOR: The undersigned Inspector hereby certifies that the Contractor listed above has completed the work and/or delivered all materials in accordance with the applicable codes for the housing rehabilitation improvements noted on the back side of this form, or attached to this form. No other improvements are part of this sign-off request.

Signature of Inspector

Date Inspected

HOMEOWNER: The undersigned Homeowner hereby certifies that the Contractor listed above has completed the work and/or delivered all materials for the housing rehabilitation improvements, in full compliance with the terms of the Work Contract between the undersigned and said Contractor. The undersigned hereby authorizes the EDA to disburse the funds directly to the Contractor.

Signature of Homeowner

Date

RICHFIELD ECONOMIC AUTHORITY:
The undersigned Administering Entity hereby certifies that the above-referenced Homeowner is in conformity with eligibility requirements as set forth in the Transformation Loan Program Procedural Guidelines.

Authorized Signature/Title

Date

---PLEASE COMPLETE REVERSE SIDE---
IMPROVEMENTS COMPLETED AS PART OF THIS CERTIFICATE

Property Address: ___________________
Satification of Mortgage

THAT CERTAIN MORTGAGE owned by the undersigned, dated X/Y/2018, executed by Name, entity type, Mortgagor to Housing and Redevelopment Authority in and for the City of Richfield, as Mortgagor, and filed for record X/Y/2018, as Document Number ###### in the Office of the County Recorder/Registrar of Titles of Hennepin County, Minnesota, is with the indebtedness thereby secured, fully paid and satisfied.

By ____________________________
Its Chairperson

By ____________________________
Its Executive Director
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  

The following instrument was acknowledged before me this _____ day of ____________, 20__, by Mary B. Supple, 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 HRA.

NOTARIAL STAMP OR SEAL  

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

STATE OF MINNESOTA  
COUNTY OF HENNEPIN  

The following instrument was acknowledged before me this _____ day of ____________, 20__, by, Steven L. Devich, 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 HRA.

NOTARIAL STAMP OR SEAL  

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

This Instrument Drafted By:
The Housing and Redevelopment Authority  
in and for the City of Richfield  
6700 Portland Avenue South  
Richfield, MN 55423  
(612) 861-9760