# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Purpose</td>
<td>2</td>
</tr>
<tr>
<td>Program Objectives</td>
<td>2</td>
</tr>
<tr>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>Data Privacy</td>
<td>3</td>
</tr>
<tr>
<td>Criteria for Program Eligibility</td>
<td>3</td>
</tr>
<tr>
<td>Conditions of the Loan</td>
<td>4</td>
</tr>
<tr>
<td>Eligible Improvements</td>
<td>5</td>
</tr>
<tr>
<td>Application Procedure</td>
<td>5</td>
</tr>
<tr>
<td>Hold Harmless</td>
<td>5</td>
</tr>
<tr>
<td>Remodeler Criteria</td>
<td>6</td>
</tr>
<tr>
<td>Responsibility of Remodeler</td>
<td>6</td>
</tr>
<tr>
<td>Housing and Site Development Criteria</td>
<td>6</td>
</tr>
<tr>
<td>Design Plan Review</td>
<td>7</td>
</tr>
<tr>
<td>Forms/Exhibits</td>
<td>8</td>
</tr>
</tbody>
</table>
The Transformation Homes Program Guidelines have been developed as a tool for guiding program administration. This document should not be interpreted as constituting any contractual agreement or liability by the City or EDA.

**Statement of Purpose**

To help improve and maintain an aging housing stock by providing financial and technical assistance to homeowners so they may make home improvements and undertake expansions to accommodate their housing needs.

**Program Objectives**

- To provide an incentive to homeowners or home buyers for initiating major remodeling on their homes to meet their housing needs.
- To increase the function and livability of small or outdated Richfield homes.
- To increase the range of housing options available to individuals and families who want to live or remain in Richfield.

**Definitions**

**Application Period:**
The set time period during which applications are accepted and reviewed when the alternate application process is being followed.

**Architectural Consultant:**
Individual architect or architecture firm that participates in the HRA’s Architectural Home Consultation program. Architects conduct an in-home meeting with the homeowners to discuss design of home remodeling projects.

**City:**
The City of Richfield

**EDA:**
Economic Development Authority in and for the City of Richfield

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

**Homebuyer:**
Loan applicant who is in the process of purchasing, remodeling and occupying a Richfield home.

**Homeowner:**
Loan applicant who owns and occupies or purchases and occupies the home to be remodeled.

**Lender:**
The primary lender working cooperatively with the EDA on home remodeling programs.

**Loan:**
Interest free loan offered by the EDA for remodeling payable upon sale of the house or forgiven after 30 years.

**Remodeler:**
A licensed builder or Remodeler who meets the criteria established by the EDA, including all state and local license requirements.

**Remodeling Advisor:**
Individual contracted with the HRA who meets with the homeowner to discuss ideas, estimate costs and answer questions.

**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 EDA for purposes of the loan application is considered private data.

**Criteria for Program Eligibility**

In order for a project to be eligible for a Transformation Homes Loan, certain conditions must be met.

1. Project costs for remodeling improvements must be $50,000 or more. The Transformation Loan will be calculated at 15% of the project cost as determined by the EDA, not to exceed $25,000.

2. The Homeowner shall provide a copy of the estimate and project specifications from the selected Remodeler for the work to be done. The Homeowner shall also submit house plans, a site plan, and any other reasonable information requested.

3. The Remodeler selected by the Homeowner shall be evaluated by the EDA to meet all remodeling criteria.

4. On a case by case basis, EDA staff may visit the applicant’s property and prepare an action plan to ensure viability of the project.
5. No work may have commenced on the proposed project if application is being made under the Transformation Homes Program. Nor may any completed work be considered.

**Conditions of the Loan**

1. An applicant’s project cost must be a minimum of $50,000. All aspects of the project must be completed within a reasonable period of time such that all the work may be considered part of one project.

2. Sweat equity may be allowed. The estimated loan amount would be the combination of contractor and materials cost, but cannot include the value of homeowner labor. Sweat equity projects must be completed within one year.

3. For applicants obtaining mortgage financing, the full EDA Loan amount may be placed in an escrow account, if required by the Lender. The escrow account will be drawn upon in prorated increments, simultaneously as funds are drawn upon from the primary Loan to make payments to the Remodeler. Payment will be disbursed at the discretion of the Lender, upon satisfactory EDA verification of work in progress. Before the Loan payment can be provided to the Lender, the Homeowner must sign the Promissory Note, an example of which is attached as Exhibit B.

4. In cases where an escrow account is not used, the primary Lender may require a simultaneous closing with the EDA Loan at the time permanent financing is secured. In these cases, the EDA may commit funds and authorize a project to begin prior to closing on the Loan. No funds will be disbursed until closing has taken place.

5. In those situations where the Homeowner is not utilizing the services of a Lender, partial and/or final loan payments may be issued to the homeowner at or near the end of the project. Payments will be made upon EDA approval of homeowner submitted documentation which will include a detailed list of expenditures, supplier and contractor invoices or receipts, and lien waivers.

6. Before final payment is issued (by Lender or EDA), inspections will be required by both EDA staff and the City Building Inspector. Upon satisfactory verification of work in progress, or upon completion, payments will be disbursed at the discretion of the lender or the HRA.

7. Copies of lien waivers or supplier/contractor invoices for the full amount of the payment must be provided at the time of final disbursement.

8. Loan funds are available on a limited basis. The EDA is not responsible for the unavailability of Loan funds to Homeowner.

9. No interest will accrue on the Loan; no monthly payments are required.

10. Payment of the Loan must be made in full within 30 days upon the sale, conveyance, assignment, lease or transfer of the property. A Satisfaction of Mortgage in recordable
form will be provided upon receipt of payment. The Loan may also be paid in full at any time.

11. If the Homeowner still owns and occupies the property, the lien created by the Loan will be forgiven 30 years from the loan date listed on the Promissory Note and recorded Mortgage.

12. The Loan is a lien against the property. If at any time during the term of the loan, the EDA is asked to subordinate its position, the HRA subordination policy in effect at the time of the subordination request will apply. Please consult the Richfield HRA Subordination and Satisfaction Policy, available at http://www.richfieldmn.gov/subordination or by calling 612/861-9778.

13. Only one Loan is available to a Homeowner at any given property location. A Homeowner may apply for one additional Loan at a different property location no sooner than seven years following the original Loan.

**Eligible Improvements**

Eligible improvements include:
   a.) Value-added improvements, such as: additions, finished basements, kitchen and bathroom remodels;
   b.) Maintenance and repair, such as roof replacement, electrical or plumbing improvements, or cosmetic updating such as painting or wall-to-wall carpeting, when done in conjunction with value-added improvements; and
   c.) Any other improvements as determined by the EDA.

Non-eligible improvements include:
   a.) Swimming pools, hot tubs and greenhouses;
   b.) Decorative landscaping.

**Application Procedure**

1. Meet with a remodeling advisor or an architectural consultant, if requested by the EDA;

2. The Homeowner submits a complete application, which includes an application form, a copy of all bids demonstrating project costs, scopes of improvement, and plans, within the time frame established by the EDA. The dates of the Application Period will be determined and publicized by November 1 of each year.

3. An Application Fee is charged to cover the cost of administering the loan. The Application Fee is due at the time the application is submitted. The Fee will only be deposited if the Application is accepted for funding.

4. All applications submitted during the Application Period will be reviewed. In order to be entered into the lottery for loan funds, the application must meet the following criteria:
   a. Completeness of application;
   b. Adherence to program guidelines;
c. Design and function of the project, including the presence of any special or unique element that meets city goals (e.g. energy efficiency, accessibility, etc);
d. Demonstrated financial readiness;
e. Builder references (if applicable);
f. In cases where the homeowner is doing part or all of the work, demonstrated evidence of experience and ability to complete the work within the required one-year time period, and
g. Amount requested.

5. Once applications are verified to have met the above criteria, a random lottery will be held to select applications for funding. Selected applicants will be notified of funding no later than three weeks following the submittal deadline.

6. A commitment letter will be issued verifying the reservation of funds to be provided at closing.

7. If not pursuing a simultaneous closing, the homeowner will sign a mortgage and a promissory note agreeing to the terms of the loan. The mortgage filing fee and registration tax will be charge to the applicant. Following closing, work can begin on the project.

8. If a simultaneous closing with end-financing has been requested by the Lender, the homeowner may begin work once a commitment letter has been received, and building permits issued.

9. EDA staff may reject or accept an application at its sole discretion.

If requests received during the Application Period do not exceed the available funding, applications will be accepted on a first-come, first-serve basis.

**Hold Harmless**

To the fullest extent permitted by law, the Homeowner must agree to defend, indemnify and hold harmless the EDA and the City of Richfield, their officers, agents and employees from and against all claims, loss, damage, costs and expense arising from bodily or personal injury or sickness, illness, or death of persons or damage to property resulting from or alleged to have resulted from the Remodeler’s work and operations.

**Remodeler Criteria**

The Remodeler should meet a minimum set of standards and perform certain requirements in order to participate in the program:

1. Meet any Lender requirements when the Homeowner is seeking Lender financing.

2. Provide adequate evidence of builder’s risk, comprehensive general liability and worker’s compensation insurance coverage.

3. Provide a written warranty policy to the Homeowner and Lender.
4. Provide State Building/Remodeling Contractor license number.

5. Provide the following references:
   - Five satisfied customers;
   - Three major suppliers or subcontractors;
   - Names of building officials from two cities where the Remodeler has worked in the last three years.

Each Remodeler must fill out a Remodeler Form (Exhibit D).

**Responsibility of Remodeler**

The Remodeler must perform work in accordance with the specifications and contract provided to the Homeowner. Any guarantee and/or warranties on the materials, supplies or quality of work must be obtained by the Homeowner. Lien waivers must be provided at time of payment. All property permits must be obtained per city code. NOTE: The City of Richfield has a Point of Sale ordinance that requires all residential properties pass a housing code inspection before sale. The EDA is not responsible for insuring compliance with this ordinance. Proper inspections should be arranged by the seller and any repairs made as part of the purchase/remodel process.

**Housing and Site Development Criteria**

The following requirements apply to all Transformation projects:

1. Each home shall be a detached single-family dwelling. Exceptions to this may be approved by the EDA.

2. At a minimum, off-street paved parking must be provided on the site in accordance with the zoning code.

3. Three and four bedroom homes as a result of remodeling are preferred. However, a minimum of two finished bedrooms and space for a third bedroom that could be easily finished will be acceptable.

4. Two full bathrooms as a result of remodeling are preferred. However, a minimum of one full bath and a 1/2 bath roughed in will be acceptable.

5. House design and appearance is a critical concern to the EDA. The house building lines, window placement, and orientation to street must present a balanced and pleasing view from all sides. Garage door dominance in design must be minimized. Blank walls without windows or doors are not allowed. Roof line variation will be reviewed.

6. If exterior work is included, exterior materials should be low maintenance. Masonite siding materials are not acceptable.
7. All landscaping and sod disturbed by the construction project must be repaired in a professional manner.

8. Adjoining properties must not be disturbed by the construction process.

9. Construction and the finished structure must improve or not have a detrimental impact on storm water drainage patterns in the neighborhood and on adjoining properties. Where roofs direct storm water toward minimum (five feet) side yards, gutters may be required as a condition of Loan payment.

Design Plan Review

1. The EDA must be provided with a set of the building plans, including building elevations, and a copy of the land survey or site plan.

2. EDA staff will review the plans to ensure conformance with the Housing and Site Development Criteria. Plan review by the Building Official is a separate process.

3. All building plans must be prepared in consultation with an architect or a qualified drafts person.

4. If any element of the plan is in conflict with the above criteria, the Remodeler will be notified.

5. Revised plans must be resubmitted for final approval.

6. All plan reviews will be completed by the EDA in a timely manner. Each plan submitted will be processed individually.

7. The EDA may refer a set of plans to the County Assessor to make a preliminary determination of value if there is concern about the extent of value added as a result of remodeling.
Forms/Exhibits

A. Transformation Homes Application Form
B. Promissory Note
C. Mortgage Note
D. Remodeler Form
E. Summary of Costs and Loan Computation
F. Letter of Commitment
G. Satisfaction of Mortgage
# 2018 Transformation Home Loan Application Process

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DUE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed Applications Due:</td>
<td>January 2 – 26</td>
</tr>
<tr>
<td>□ Application cover sheet</td>
<td></td>
</tr>
<tr>
<td>□ $300 application fee</td>
<td></td>
</tr>
<tr>
<td>□ Photograph of the property and specific area to be remodeled (digital format)</td>
<td></td>
</tr>
<tr>
<td>□ Cost estimate</td>
<td></td>
</tr>
<tr>
<td>□ Construction Timeline</td>
<td></td>
</tr>
<tr>
<td>□ Building plans (both floor plans and exterior elevations) and site plan (if applicable)</td>
<td></td>
</tr>
<tr>
<td>□ Remodeler form with references</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staff reviews applications</th>
<th>January 26 - February 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Application completeness</td>
<td></td>
</tr>
<tr>
<td>□ Proposed project meets program guidelines</td>
<td></td>
</tr>
<tr>
<td>□ Financial readiness</td>
<td></td>
</tr>
<tr>
<td>□ Builder References</td>
<td></td>
</tr>
<tr>
<td>□ Design and function of project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transformation Home Loan funds awarded</th>
<th>February 14 - 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ All approved applications submitted to a random lottery. Applications that are selected via random lottery will be funded.</td>
<td></td>
</tr>
<tr>
<td>➢ If an application is approved, the EDA issues a letter of commitment. Please note: Approval of a Transformation Home Loan does not constitute complete approval of the project. The City of Richfield’s Inspections Division must approve all building plans, and may have requirements independent of loan requirements. All setback and zoning requirements must also be met.</td>
<td></td>
</tr>
<tr>
<td>➢ If an application is denied, the application fee and materials will be returned to the applicant.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Closing on Loans</th>
<th>Mid-February – Mid-March</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ At the closing, applicants will sign a mortgage and promissory note, which will be filed against the property to secure the loan. The applicant will provide a check to the EDA to pay for the mortgage filing fee and registration tax.</td>
<td></td>
</tr>
<tr>
<td>□ Construction of projects may begin following loan closing</td>
<td></td>
</tr>
</tbody>
</table>
# 2018 Richfield Transformation Home Program Application

## Applicant Contact Information

<table>
<thead>
<tr>
<th>Applicant(s) Legal Name(s) and Marital Status</th>
<th>1.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant(s) current address:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Applicant(s) phone number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant(s) email address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
</tbody>
</table>

## Remodeling Information

<table>
<thead>
<tr>
<th>Description of proposed improvements: (please list)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Construction Timeline: (start date, significant project milestones, completion date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name &amp; contact information of architect or designer:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name &amp; contact information of builder:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

## Financing Information

<table>
<thead>
<tr>
<th>Estimated cost of project:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appraised value of property upon completion (if lender-financed):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lending Institution &amp; Lender Contact:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Anticipated closing date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Financing: (Please complete the following chart, or attach a separate page)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

| HRA Loan: $__________________________ |
| Source: ____________________________ |

| Other Financing: (savings, HELOC, gift, loan) $__________________________ |
| Source: ____________________________ |

| $__________________________ Source: ____________________________ |
| $__________________________ Source: ____________________________ |

| Source: ____________________________ |

| Total Project Cost: $__________________________ |

## Applicant(s) Signature(s)

I certify that the information I have provided is accurate and that I have read and understand the program guidelines and application process.

<table>
<thead>
<tr>
<th>Signature: __________________________________________________ Date: ____________________</th>
</tr>
</thead>
</table>

| Signature: __________________________________________________ Date: ____________________ |
PROMISSORY NOTE

1. FOR VALUE RECEIVED, the undersigned ("Borrower") agrees to pay to the Economic Development Authority in and for the City of Richfield, a body corporate and politic under the laws of the State of Minnesota, ("Noteholder"), the sum of «Tl_Loan_Amt» (the "Original Note Amount"), without interest, on the Maturity Date as hereinafter defined.

2. The Borrower acknowledges that the Original Note Amount is the amount loaned to the Borrower by the Noteholder and is equal to 15 percent of the construction cost of the home remodeling project undertaken by the Borrower and outlined in Exhibit B. The project is located at «address» Richfield, Minnesota, which property is legally described as follows:

«LegalDesc»

(the "Subject Property").

3. The Maturity Date shall be the first date prior to the «maturidydate», 30 years from the date of this Note, upon which any of the following events shall occur:

   a) the Subject Property is voluntarily or involuntarily sold, transferred or otherwise conveyed;
   b) the Subject Property is rented, leased, unoccupied or assigned for a period exceeding one year;
   c) there exists any default under the terms of this or any other mortgage secured by the Subject Property;
   d) there exists any other event which would cause the Subject Property to be occupied by other than the Borrower for a period of more than one year.

Notwithstanding anything else herein to the contrary, if there has been no event prior to «maturidydate» which causes the occurrence of the Maturity Date, then the Borrower shall thereafter be relieved of the obligation to repay the Original Note Amount, and the lien hereby created shall be terminated.

4. The encumbrance evidenced by this Note in the Original Note Amount shall be subordinate to any lien created and recorded prior to this Note.

5. In the event that the Borrower is notified directly or indirectly that foreclosure proceedings, by advertisement, action or otherwise, have been commenced or will be commenced, foreclosing any lien or liens against the Subject Property or any part thereof, the Borrower shall immediately notify the Noteholder in writing of such proceedings.

6. Upon payment of this Note as provided herein, the Noteholder will, within 30 days of written demand by the Borrower, execute a release and satisfaction or partial release and partial satisfaction of this Note.
7. Presentment, protest and notice of dishonor are hereby waived by the Borrower. The Borrower shall pay all costs incurred by the Noteholder hereof in the collection of this Note, including reasonable attorney's fee.

8. To secure payment of this Note, the Borrower will execute a mortgage deed, a copy of which is attached hereto as Exhibit A.

9. If the Noteholder requires the Borrower to pay in full and the Borrower refuses to do so within the required period of time, the Borrower will be responsible for all costs incurred by the Noteholder in enforcing this Note, including reasonable attorney's fees.

10. Any notice required to be given under this Note will be given if delivered by hand or mailed by first class mail, postage prepaid to the Borrower's home address, or if to the EDA, at 6700 Portland Avenue South, Richfield, MN 55423.

11. If there is more than one Borrower under this Note, each person shall be considered a Borrower within the meaning of this Note and each shall be jointly and severally responsible for payment under the Note.

Dated: ____________________________

BORROWER(S)

____________________________

____________________________

STATE OF MINNESOTA  )

COUNTY OF HENNEPIN  ) SS

The foregoing instrument was acknowledged before me this ___ day of __________, 20__, by ____________________________ and ____________________________.

____________________________

Notary Public

This document drafted by:
The Housing and Redevelopment Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN  55423
(612) 861-9760
EXHIBIT B:

1) «Improvement»
(Top 3 inches reserved for recording data)

MORTGAGE
by Individual(s)

MORTGAGE REGISTRY TAX DUE: $____________________ DATE: ______________________

☐ 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 «Legal_Names», as mortgagor (“Borrower”), to the Economic Development Authority in and for the City of Richfield a public body corporate and politic under the laws of Minnesota as mortgagee (“Lender”). In consideration of the receipt of $____________ Dollars ($«Tl_Lo_Amt») (the “Indebtedness”) from Lender, Borrower hereby mortgages, with power of sale, the real property in Hennepin County, Minnesota, legally described as follows:

«LegalDesc»

Check here if all or part of the described real property is Registered (Torrens) «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:
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 the Indebtedness and all renewals, extensions, and modifications thereto (the "Note"), final payment of which is due on [maturity date]; (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) 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. 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 first will be applied to unpaid accrued interest and next to the principal to be paid as provided in the Note in the inverse order of their maturity. Such payment(s) will not postpone the due date of the installments to be paid pursuant to the Note or change the amount of such installments. 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 undisbursed 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 applied 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 and the interest accrued thereon, 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): Richfield Economic Development Authority
6700 Portland Avenue South, Richfield, MN 55423

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 X 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 Three (3). Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.

Borrower

Insert Printed name of Borrower:

Insert Printed name of Borrower:

State of Minnesota, County of Hennepin

This instrument was acknowledged before me on _________________, by «Legal_Names»

(Stamp)

__________________________________________
(signature of notarial officer)

Title (and Rank): _____________________________

My commission expires: _____________________ (month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
The Economic Development Authority in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
(612) 861-9760

Note: Failure to record or file this mortgage may give other parties priority over this mortgage.
EXHIBIT D

TRANSFORMATION HOME PROGRAM
REMODELER FORM

Business Name: ________________________________________________________________

Phone No.: __________________ Fax No.: __________________________________________

E-mail Address: __________________________________________________________________

Business Address: __________________________________________________________________

Contact Person: __________________________________________________________________

1. How many years has your company been in business? _____________

2. In the past three years, what has been the average number of homes your company
   has remodeled per year? _______________________________________________________

3. In the past three years, what has been the average remodeling contract price by
   your company? _______________________________________________________________

4. Attach copy of your company warranty policy.
   If no written policy exists, please acknowledge that you comply with statutory
   warranties.
   Yes______________              No____________

5. You agree that you have the ability, at all times during the term of the Remodeling
   Contract, to have and keep in force the following minimum insurance coverages:

<table>
<thead>
<tr>
<th>COVERAGE</th>
<th>LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers Compensation</td>
<td>Statutory</td>
</tr>
<tr>
<td>Employer's Liability</td>
<td>$300,000 BI &amp; PD</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>Included</td>
</tr>
<tr>
<td>Independent Contractors</td>
<td>Included</td>
</tr>
<tr>
<td>Products/Completed</td>
<td>Included</td>
</tr>
<tr>
<td>Contractual Liability</td>
<td>Included</td>
</tr>
<tr>
<td>Personal Injury Liability</td>
<td>Included</td>
</tr>
<tr>
<td>&quot;XCU&quot; Liability (if applicable)</td>
<td>Included</td>
</tr>
<tr>
<td>Broad Form Property</td>
<td>Included</td>
</tr>
<tr>
<td>Comprehensive Automobile</td>
<td>$300,000 BI &amp; PD</td>
</tr>
<tr>
<td>for owned, hired, and automobiles</td>
<td></td>
</tr>
</tbody>
</table>

6. You meet Minnesota State licensing requirements. Yes ___   No ___
   MN State Building/Remodeling Contractor License Number _________________

(over)
Please list municipalities in which you have secured remodeling permits within the past 3-5 years and indicate the name of the City staff person (building official or other) with whom you had the most contact.

1. __________________________________________________________
2. __________________________________________________________
3. __________________________________________________________

8. Provide names, addresses and telephone numbers of three customer references that we may contact as references.

1. __________________________________________________________
2. __________________________________________________________
3. __________________________________________________________

9. Provide names, addresses and telephone number of three major suppliers or sub-contractors that we may contact as references.

1. __________________________________________________________
2. __________________________________________________________
3. __________________________________________________________

The information contained on this form may be provided to lenders, homeowners, and others interested in participating in Richfield Remodeling Programs.

By: ______________________________

Its: _____________________________

Date: _____________________________
Transformation Loan Calculation Worksheet

1) Address: _________________________________

2) List of Improvements:
   a) [List improvements here]

3) Total Cost of Improvements: $____,_____  
   \[ \times \quad 15\% \]

4) Loan Amount (max. of $25k): $____,_____ 

5) Date of Transformation Loan Approval: XX / XX / XXXX

Loan Recipient Name & Address
NAME
XXXX Xth Ave
Richfield, MN. 55423
Date

«fullname»
«address»
Richfield, MN 55423

Subject: Letter of Commitment - «progname»

Dear «fullname»:

The Richfield Economic Development Authority (EDA) has received your application for a Transformation Homes Incentive Loan and other required information.

The application documents indicate that your project cost is $«Total_Project_Cost»; therefore, the amount of your Transformation Homes Loan will be $«Tl_Loan_Amt». This loan will be a lien on your property. No interest will accrue on the loan, and the full amount will be due and payable upon the future sale of your home or if you cease to live in the home as your principal residence. If you own and live in your home for 30 years from the date of the loan closing, the loan will be forgiven.

Please contact me at 612-861-9778 to schedule a time for you to come to City Hall to sign the loan documents. It will take approximately 15 minutes. Please bring a picture ID and «mortfee» to cover closing costs (mortgage filing fee and mortgage registration tax). Once we have completed the loan closing, you may begin your project.

Thanks for participating!

Sincerely,

Kate Aitchison/Julie Urban
Housing Specialist

«initials»:ttf
Date: ________________

Satisfaction of Mortgage

THAT CERTAIN MORTGAGE owned by the undersigned, dated ______, executed by ____________________________, Mortgagor to the Economic Development Authority in and for the City of Richfield, as Mortgagee, and filed for record _________ as Document Number _______ in the ______________ of Hennepin County, Minnesota, is with the indebtedness thereby secured, fully paid and satisfied.

Economic Development Authority in and for the City of Richfield

By ________________________________
Its President

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

The following instrument was acknowledged before me this _____ day of ____________, 20___, by ____________, the President, of the Economic Development Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

---

STATE OF MINNESOTA       } ss.: 
COUNTY OF HENNEPIN      

The following instrument was acknowledged before me this _____ day of ____________, 20___, by ____________, the Executive Director, of the Economic Development Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the EDA.

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

---

This Instrument Drafted By:

The Economic Development Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN  55423
(612) 861-9760