



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
MAY 20, 2024
7:00 PM**

Call to Order

Open Forum

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the HRA. Please refer to the HRA agenda and minutes web page for additional ways to submit comments. Call into the open forum by dialing 1-415-655-0001 Use webinar access code: 2634 724 9236 and password: 1234.

Approval of the minutes of the 1) Joint Housing and Redevelopment Authority, City Council and Planning Commission work session of April 15, 2024; and 2) the Regular Housing and Redevelopment Authority meeting of April 15, 2024.

AGENDA APPROVAL

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration of the adoption of a resolution approving an Assignment and Assumption Agreement and a Subordination Agreement for The Pines senior housing development.
Staff Report No. 9
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consider a resolution approving the execution and delivery of a Donation Agreement with Olin 1, LLC to accept the donation of the property at 1620 and 1640 - 78th Street East to the Housing and Redevelopment Authority.
Staff Report No. 10

OTHER BUSINESS

5. Consideration of the approval of Program Guidelines for the Woodlawn Terrace Homebuyer Assistance Program.
Staff Report No. 11

HRA DISCUSSION ITEMS

6. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

7. Executive Director's Report

CLAIMS

8. Claims

9. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Joint City Council, Housing and Redevelopment Authority, and Planning Commission Work Session

April 15, 2024

CALL TO ORDER

Chair Vrieze Daniels called the work session to order at 5:45 p.m. in the Heredia Room.

HRA/EDA Members Present: Gordon Hanson, Sean Hayford Oleary, Mary Supple, Erin Vrieze Daniels

Council Members Present: Sharon Christensen; Simon Trautmann; Ben Whalen

Planning Commissioners Present: Stephanie Hollman, Eddie Holmvig, Cole Hooey, Ben Surma, Brett Stursa,

Staff Present Melissa Poehlman, Community Development Director; Julie Urban; Assistant Community Development Director; Hillary Lovelace, Housing Specialist; Sam Crosby, Planner; and Katie Rodriguez; City Manager

Guests Johnny Opara

ITEM #1	PRESENTATION TO CITY COUNCIL AND HRA ON THE LOCAL AFFORDABLE HOUSING AID
----------------	---

Assistant Community Development Director Urban gave the presentation covering the following about the Local Affordable Housing Aid (LAHA) program: background and overview of the program, deadlines, eligible uses, income restrictions, priorities, uses in Richfield, and new program ideas.

Planning Commissioner Hooey spoke about using the funding for rental assistance instead of code enforcement costs.

Commissioner Hayford Oleary asked if the 100% AMI requirement could be raised to 125% for flexibility purposes. Urban stated there could be flexibility.

Council Member Whalen spoke about the possibility of creating new city-owned housing. Community Development Director Poehlman spoke about the difficulties with creating and managing public housing in the city.

Hooey and Urban spoke about program priorities with the HRA.

ITEM #2	PRESENTATION BY JOHNNY OPARA, JO DEVELOPERS, OF A PROPOSED AFFORDABLE HOUSING DEVELOPMENT FOR 6501-25 PENN AVE SOUTH
----------------	---

Mr. Opara gave the presentation and spoke about his company and past projects. He also went over the proposed development on Penn Avenue.

Commissioner Hollman stated she liked that the project was affordable and asked if there was any possibility of turning it to mixed use. Opara spoke about tax credits and the difficulties in finding investors for commercial spaces.

Commissioner Hanson stated he liked that the project was affordable and had multi-room units. He further stated an interest in mixed-use but would support this if mixed-use wasn't possible.

Commissioner Hayford Oleary stated he preferred mixed-use and spoke about the outdoor parking spaces. He further stated that if there was no mixed-use, he would want excellent urban design that gave the residents a reason to walk outside.

Council Member Whalen stated he did not see a need for mixed-use. He further stated that after a string of past denials, he really wanted to see something get approved and really liked the proposal.

There was a conversation between staff, Opara, and commissioners about the difficulty in finding investors for commercial uses in the current climate. They also spoke of the need of more residential units in the area.

ADJOURNMENT

Chair Vrieze Daniels adjourned the work session at 6:57 pm.

Date Approved: May 20, 2024

Erin Vrieze Daniels
HRA Chair

Kelly Wynn
Interim City Clerk

Melissa Poehlman
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

April 15, 2024

CALL TO ORDER

Chair Vrieze Daniels called the meeting to order at 7:00 p.m. in the Council Chambers.

HRA Members Present: Erin Vrieze Daniels, Chair; Gordon Hanson; Sean Hayford Oleary; and Mary Supple

HRA Members Absent: John Young

Staff Present: Melissa Poehlman, Community Development Director; Julie Urban, Assistant Community Development Director; and Dustin Leslie; City Clerk.

OPEN FORUM

Chair Vrieze Daniels gave instructions on how to participate in the open forum. No one spoke.

APPROVAL OF THE MINUTES

M/Supple, S/Hanson to approve the minutes of the regular Housing and Redevelopment Authority meeting of March 18, 2024.

Motion carried: 4-0

ITEM #1	APPROVAL OF THE AGENDA
----------------	-------------------------------

M/Hanson, S/Hayford Oleary to approve the agenda.

Motion carried: 4-0

ITEM #2	APPROVAL OF THE CONSENT CALENDAR
----------------	---

Community Development Director Poehlman presented the Consent Calendar.

- A. Consideration of a resolution authorizing the execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes within Reach, for the acquisition, rehabilitation and sale of houses under the new program.

M/Supple, S/Hanson to approve the consent calendar.

Motion carried: 4-0

ITEM #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
----------------	--

None.

ITEM #4	CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY LOCATED AT 6525 PENN AVENUE SOUTH
----------------	--

Assistant Community Development Director Urban presented the report.

M/Supple, S/Hayford Oleary to adopt the resolution authorizing the purchase of real property located at 6525 Penn Avenue South.

Motion carried 4-0

ITEM #5	CONSIDER A PRELIMINARY DONATION AGREEMENT WITH OLIN 1, LLC TO EXPLORE THE DONATION OF THE PROPERTY AT 1620 – 1640 78TH STREET EAST TO THE HOUSING AND REDEVELOPMENT AUTHORITY
----------------	---

Community Development Director Poehlman gave the report.

M/Hayford Oleary, S/Supple to approve the Preliminary Donation Agreement with Olin 1, LLC to explore the acceptance of property at 1620 and 1640 – 78th Street East

Motion carried 4-0

ITEM #6	HRA DISCUSSION ITEMS
----------------	-----------------------------

Supple thanked City Clerk Leslie for his service to the City of Richfield.

Chair Vrieze Daniels thanked LaTonia DuBois for her work.

Hayford Oleary spoke about the bike tour he attended.

ITEM #7	EXECUTIVE DIRECTOR'S REPORT
----------------	------------------------------------

None.

ITEM #8	CLAIMS
----------------	---------------

M/Supple, S/Hanson that the following claims be approved:

<u>U.S. BANK</u>	<u>4/15/2024</u>
HRA Checks: #37029 - 37039	\$41,386.48
Section 8 Checks: #134737 - 134820	\$215,006.11
TOTAL	<u>\$257,392.59</u>

Motion carried: 4-0

ITEM #9	ADJOURNMENT
----------------	--------------------

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

Date Approved: May 20, 2024

Erin Vrieze Daniels
HRA Chair

LaTonia DuBois
Administrative Assistant

Melissa Poehlman
Community Development Director



STAFF REPORT NO. 9
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/20/2024

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
5/14/2023

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution approving an Assignment and Assumption Agreement and a Subordination Agreement for The Pines senior housing development.

EXECUTIVE SUMMARY:

The Urban Village Tax Increment Financing (TIF) District was established in July 1999. It is a redevelopment District that includes BMO Harris Bank, McDonald's, The Oaks on Pleasant (market-rate apartments), Woodlake Centre (office/retail), and The Pines (senior assisted living) and is located at 66th Street and Lyndale Avenue. The Housing and Redevelopment Authority (HRA) entered into a Contract for Private Redevelopment and subsequent amendments (Contract), which agreed to provide tax increment assistance to the property, and in 2001 the HRA issued Tax Increment Revenue Notes to reimburse development costs.

The Pines portion of the development is being sold to Cassia, a senior housing and services non-profit provider, doing business as Pines Investment, LLC (Buyer). The financing for the Buyer requires that the Contract be subordinated to the principal mortgage. The current owner of the property, doing business as The Pines of Richfield, LLC (Seller), requires that the HRA assign all of their interests and obligations in the current Contract to the Buyer and that the Buyer agree to assume these interests and obligations.

The HRA's Attorney has reviewed the proposed transaction and approved all related documents.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving an Assignment and Assumption Agreement and a Subordination Agreement with The Pines of Richfield, LLC, BMO Bank N.A., and U.S. Bank Trust Company, National Association.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Urban Village TIF District was established in July 1999.
- On May, 21, 2001 the HRA entered into an Amended and Restated Contract for Private Redevelopment with Richfield State Agency, Inc, and on January 25, 2005, approved a First Amendment to Amended and Restated Contract for Private Development. The Contracts have always been subordinate to principal financing.
- Two Pay-Go Notes were issued in 2001 and will mature in 2026. BMO Harris is the current holder of Tax Increment Note 2001A.
- On March 26, the City Council held a public hearing and granted host approval to the City of Landfall

Village to issue tax exempt bonds to Cassia to purchase The Pines.

B. EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The Buyer, a non-profit provider of housing and services to seniors, has been managing The Pines for several years, which will result in a continuity in care for the senior residents. In addition, Cassia will designate 20% of the units for households earning no more than 50% of the Area Median Income, providing a source of affordable housing for seniors in the community. A copy of the letter written by Cassia requesting bond host approval from the City Council is attached and provides additional information on Cassia. Providing affordable senior housing meets Strategic Plan goals relating to both affordability and equity.

C. POLICIES (resolutions, ordinances, regulations, statutes, exc):

- The HRA is required to approve all Subordinations and Assignment and Assumption Agreements.

D. CRITICAL TIMING ISSUES:

- The Buyer is looking to close on the bonds and mortgage before the end of May.

E. FINANCIAL IMPACT:

- There is no financial impact to the HRA: the sale of the property is not expected to have any impact on the property value and amount of tax increment collected from the TIF District.

F. LEGAL CONSIDERATION:

- HRA legal counsel reviewed and approved all documents. Any minor edits to the final documents will be approved by the HRA Attorney.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Assignment and Assumption and Subordination Agreements.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Assignment and Assumption Agreement	Contract/Agreement
□ Subordination Agreement	Contract/Agreement
□ Letter from Cassia to City Council	Backup Material

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

RESOLUTION NO. _____

**RESOLUTION APPROVING AN ASSIGNMENT AND ASSUMPTION AGREEMENT AND A
SUBORDINATION AGREEMENT WITH THE PINES OF RICHFIELD, LLC, BMO BANK N.A.,
AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") and Richfield State Agency, Inc. ("RSA"), entered into the Amended and Restated Contract for Private Redevelopment, dated May 21, 2001, as amended by the First Amendment to Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, between the Authority and Marshall & Ilsley Corporation, as successor by merger to RSA ("M&I"), as assigned by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, by M&I in favor of Woodlake-VEF IV, LLC ("Woodlake-VEF"), as assigned by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, by Woodlake-VEF in favor of Woodlake Partners, LLC ("Woodlake Partners"), as assigned and amended by the Assignment and Second Amendment to Amended and Restated Contract for Private Redevelopment, dated March 19, 2018, between BMO Harris Bank, N.A., McDonald's USA, LLC, the Authority, and Woodlake Partners, as assigned by the Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment), dated March 11, 2019 (collectively, the "Development Agreement"), between Woodlake Partners, Woodlake Centre MOB, LLC, and the Authority; and

WHEREAS, the Authority agreed to provide tax increment financing assistance in connection with development costs under the Development Agreement; and

WHEREAS, BMO Bank, N.A. is the holder of the Tax Increment Revenue Note, Series 2001A (the "TIF Note"), issued by the Authority on October 17, 2001, in the principal amount of \$2,500,000; and

WHEREAS, the current parties to the Development Agreement have proposed to further assign the Development Agreement pursuant to an Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) (the "Assignment and Assumption Agreement") between Pines Investments, L.L.C. ("Pines Investments"), as assignor, The Pines of Richfield, LLC ("Pines of Richfield"), as assignee, and the Authority; and

WHEREAS, the City of Landfall Village, Minnesota (the "Bond Issuer") has agreed to issue one or more series of conduit revenue bonds in the approximate principal amount of \$12,500,000 (the "Bonds") and will loan the proceeds thereof to Pines of Richfield as financing for a multifamily housing project currently used as a licensed assisted living and care suite facility located on a portion of the property encumbered by the Development Agreement; and

WHEREAS, in connection with the loan of the proceeds of the Bonds by the Bond Issuer to Pines of Richfield, Pines of Richfield is requesting that the Authority execute and deliver a Subordination Agreement (the "Subordination Agreement") with BMO, Pines of Richfield, and U.S. Bank Trust Company, National Association, as trustee for the Bonds (the "Trustee"), which sets forth the terms of the subordination of certain of the Authority's and BMO's rights under the

Development Agreement to the Trustee and the confirmation of BMO's rights to payments under the TIF Note; and

WHEREAS, the Assignment and Assumption Agreement and the Subordination Agreement (together, the "Agreements") have been provided to the members of the Board of Commissioners of the Authority; and

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

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

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of May, 2024.

Erin Vrieze Daniels, Chair

Sean Hayford Oleary, Secretary

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(AMENDED AND RESTATED CONTRACT FOR PRIVATE REDEVELOPMENT)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("**Agreement**") is entered into effective as of _____, 2024 ("**Effective Date**"), by and between Pines Investments, L.L.C., a Minnesota limited liability company ("**Assignor**"), The Pines of Richfield, LLC, a Minnesota nonprofit limited liability company ("**Assignee**"), and THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a Minnesota public body corporate and politic ("**HRA**").

RECITALS

A. Pursuant to an Amended and Restated Contract for Private Redevelopment dated May 21, 2001, recorded November 30, 2001, as Document No. 7593401 and 4070502, by and between the HRA and Richfield State Agency, Inc.; as amended pursuant to that certain First Amendment to Amended and Restated Contract for Private Development dated January 25, 2005, recorded January 26, 2005, as Document No. 4070504 and recorded May 4, 2005 as Document No. 8576021 by and between the HRA and Marshall & Ilsley Corporation, as successor by merger to Richfield State Agency, Inc., Borrower's predecessor in ownership of the Mortgage Property; as affected by Assignment and Assumption of Amended and Restated Contract for Private Development dated January 25, 2005, recorded January 26, 2005, as Document Nos. 4070506 and 8576023 from Marshall & Ilsley Corporation to Woodlake- VEF IV, LLC; as further affected by Assignment and Assumption of Amended and Restated Contract for Private Redevelopment dated January 31, 2014, recorded February 4, 2014, as Document Nos. A10051789 and T05150284, from Woodlake-VEF IV, LLC to Woodlake Partners, LLC; as further affected by that certain Assignment and Second Amendment to Amended and Restated Contract for Private Redevelopment, dated March 19, 2018, between BMO Harris Bank, N.A., McDonald's USA, LLC, the HRA, and Woodlake Partners, LLC, recorded August 22, 2018 as Document No. T05554637; and as further affected by that certain Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) dated March 11, 2019, recorded March 14, 2019 as Document No. T056008 and recorded April 10, 2019 as Document No. A10648855 (collectively, "**Contract**"), the HRA agreed to provide tax increment financing ("**TIF**") assistance to the Pines Property (as defined herein) and surrounding property ("**Redevelopment Property**") and to issue TIF notes to reimburse the development costs in connection therewith. The Contract also encumbers the Pines Property (as defined herein).

B. Capitalized terms used herein, to the extent not otherwise defined herein, shall have the meaning ascribed to such terms in the Contract.

C. Assignor desires to convey fee simple title to the portion of the Redevelopment Property legally described in Exhibit A attached hereto and made a part hereof ("**Pines Property**") located at 400 W. 67th Street in Richfield, Minnesota to Assignee and Assignee desires to acquire fee simple title to the Property.

D. As of the date of this Agreement, Assignor will own no real property that is part of the Redevelopment Property.

E. Assignee desires to assume the rights and benefits, and certain of the

obligations and liabilities, of Assignor under the Contract, which relate to the Pines Property and which arise and accrue from and after the date hereof, as set forth in this Agreement.

F. BMO Bank N.A., as successor in interest to M&I is the owner and holder of the Tax Exempt Note and accordingly is the Tax Exempt Note Holder under the Contract.

G. Assignor, with the consent of the Tax Exempt Note Holder and HRA, wishes to be released from the Contract as of the date of this Agreement.

H. Under the terms and conditions of the purchase and sale agreement pursuant to which the Pines Property was purchased, it was contemplated that Assignor and Assignee would enter into this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby transfers and assigns all right, title and interest of Assignor in and to the Contract with respect to the Pines Property to Assignee, its successors and assigns, from and after the date hereof, subject to the terms, covenants, conditions and provisions contained herein.

2. Acceptance and Assumption. Assignee hereby accepts the assignment of all of Assignor's right, title and interest arising under the Contract with respect to the Pines Property. As of the Effective Date, subject to the limitations contained herein, Assignee also accepts certain of Assignor's obligations and liabilities under the Contract, but only as such obligations and liabilities (a) relate to the Pines Property and (b) arise or accrue on or after the date of this Agreement.

3. Qualified Transferee; Consent to Assignment; Release.

(a) Pursuant to Section 7(c) of the First Amendment, Assignee represents that it may be deemed to meet the qualifications required by Section 9.2(b)(i) of the Amended and Restated Contract and Section 7(c) of the First Amendment to be a Qualified Transferee because:

(i) Assignee (or a property manager with which Assignee contracts) has within the last five (5) years owned or managed property of similar size to the Pines Property (but not necessarily the same use) in the greater Minneapolis/St. Paul area, or in metropolitan areas similar in size;

(ii) Assignee (or its parent or ownership constituents, in the aggregate) has a tangible net worth of at least \$5,000,000 computed in accordance with sound business accounting principles (including Assignee's equity in the Pines Property and goodwill as assets); and

(iii) within the last three years Assignee (or any owner of Assignee owning more than 30% of the voting equity securities, or its equivalent, of Assignee) has not been subject to a lien of a judgment for an amount in excess of \$500,000 arising out of:

(A) the failure to repay amounts borrowed by such entity; or

(B) obligations relating to the ownership or management of real property.

(b) The Tax Exempt Note Holder, in reliance upon the representations of Assignee set forth in Section 3(a) above, acknowledges and agrees that Assignee is a Qualified Transferee. HRA has relied on the representations from Assignee that it is a Qualified Transferee and has made no independent investigation regarding this assertion. HRA and the Tax Exempt Note Holder do hereby consent to the conveyance of fee simple title to the Pines Property by Assignor to Assignee. HRA and Tax Exempt Note Holder hereby acknowledge and confirm that in accordance with Section 7(g) of the First Amendment, as of the Effective Date, Assignor is released of its obligations under the Contract first arising after the Effective Date.

4. Tax Petitions. At any time Assignee determines to file a petition with Hennepin County to decrease the market value of the Pines Property, Assignee shall provide notice to the HRA at the following address:

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

Assignee has been provided with a copy of the HRA's Policy Statement Regarding Tax Petitions Filed within Tax Increment Districts and is aware of the HRA's policy with respect to withholding TIF when a tax petition is filed with Hennepin County.

5. Notice Address. For purposes of Section 11.5 of the Contract, the addresses of the Assignee are:

Pines Property Owner:

The Pines of Richfield, LLC
% Cassia
Attn: Robert Dahl, President/CEO
7171 Ohms Lane
Edina, MN 55439

6. Indemnification. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any claims asserted against Assignee under, or in any way relating to, the Contract or Tax Exempt Note, and shall reimburse Assignee for any costs and expenses incurred in connection with such claims, including reasonable attorneys' fees related to such claims, to the extent such claims arise out of the failure of Assignor to comply with or to perform any obligation under the Contract or Tax Exempt Note accruing prior to the date hereof. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any claims asserted against Assignor under, or in any way relating to, the Contract or Tax Exempt Note, and shall reimburse Assignor for any costs and expenses incurred in connection with such claims, including reasonable attorneys' fees related to such claims, to the extent such claims arise out of the failure of Assignee to comply with or to perform any obligation under the Contract or Tax Exempt Note accruing on or after the date hereof.

7. Successors and Assigns; Amendments. This Agreement and the obligations of the parties hereunder shall survive delivery of this Agreement and be binding upon and inure to the benefit of the parties hereto, their respective legal representatives, successors and assigns and may not be modified or amended except by written agreement signed by both parties.

8. Governing Law. This Agreement and all questions arising in connection herewith shall be governed by and construed in accordance with the laws of the State of Minnesota.

9. Execution in Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed a duplicate original.

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement effective as of the Effective Date.

Signature Pages Follow

Signature page of Assignee to the Assignment and Assumption Agreement, dated as of the Effective Date.

ASSIGNEE:

The Pines of Richfield, LLC

By _____
Robert M. Dahl
Its President and CEO

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of May, 2024, by Robert M. Dahl, the President and CEO of The Pines of Richfield, LLC, on behalf of the nonprofit limited liability company.

Notary Public

Signature page of HRA to the Assignment and Assumption Agreement, dated as of the Effective Date.

HRA:

The Housing and Redevelopment Authority
In and for the City of Richfield, Minnesota
A Minnesota public body corporate and politic

By _____
Its Chair

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of May, 2024, by _____,
the Chair of The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a
Minnesota public body corporate and politic, on behalf of the public body corporate and politic.

Notary Public

HRA:

The Housing and Redevelopment Authority
In and for the City of Richfield, Minnesota
A Minnesota public body corporate and politic

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of May, 2024, by _____,
the Executive Director of The Housing and Redevelopment Authority in and for the City of Richfield, a
Minnesota public body corporate and politic, on behalf of the public body corporate and politic.

Notary Public

CONSENT OF TAX-EXEMPT NOTE HOLDER

The Tax-Exempt Note Holder acknowledges and consents to the terms of this Assignment and Assumption Agreement dated as of the Effective Date.

BMO:

BMO Bank, N.A.,
a national association

By _____
Its Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of May, 2024, by Jordan Ruiz, the Director, Municipal Underwriting Group Institutional Markets, of BMO Bank, N.A., a national association, on behalf of the national association.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Barb Blumer Law, P.A.
12450 Drayton Trail, Unit 207
Apple Valley, MN. 55124

Exhibit A

Legal Description of Pines Property

Parcel 1:

Lot 1, Block 2, Richfield Urban Village.
Hennepin County, Minnesota
Torrens Property

Parcel 2:

Outlot B, Richfield Urban Village
Hennepin County, Minnesota
Abstract and Torrens Property

Parcel 3:

Non-exclusive perpetual easement for vehicular and pedestrian access over Outlots A, C, and D, Richfield Urban Village, Hennepin County, Minnesota, as established by that certain Easements and Declaration of Covenants and Restrictions dated January 3, 2000, filed September 22, 2000, as Document No. 3317547 (Torrens), and filed September 25, 2000, as Document No. 7359245 (Abstract).

Parcel 4:

Non-exclusive perpetual easement for overflow parking in the parking ramp located on Lot 3, Block 1, Richfield Urban Village, Hennepin County, Minnesota, as established by that certain Easements and Declaration of Covenants and Restrictions dated January 3, 2000, filed September 22, 2000, as Document No. 3317547 (Torrens) and filed September 25, 2000, as Document No. 7359245 (Abstract).

SUBORDINATION AGREEMENT

The Pines of Richfield

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("**Agreement**") is entered into as of May ____, 2024 ("**Effective Date**"), by and between (i) The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the "**HRA**"); (ii) BMO Bank N.A., a national banking association formerly known as BMO Harris Bank, N.A. ("**BMO**"); (iii) The Pines of Richfield, LLC, a Minnesota nonprofit limited liability company ("**Borrower**"); and (iv) U.S. Bank Trust Company, National Association, as trustee ("**Trustee**").

RECITALS

- A. Borrower is the owner of certain land located in Hennepin County, Minnesota, described in Exhibit A ("**Land**"). The Land is improved with a multifamily rental housing project currently utilized as a licensed assisted living and care suite facility ("**Improvements**").
- B. The City of Landfall Village, Minnesota (the "**Conduit Issuer**"), is issuing its \$[12,500,000] City of Landfall Village, Minnesota Senior Housing and Healthcare Revenue Bonds (The Pines of Richfield Project), Series 2024 (the "**Series 2024 Bonds**," and together with any additional bonds issued and secured on a parity with the Series 2024 Bonds, the "**Bonds**") and making a loan of the proceeds of the Bonds to Borrower in the original principal amount of \$[12,500,000] ("**Loan**") upon the terms and conditions of a Loan Agreement dated as of June 1, 2024, between the Conduit Issuer and Borrower ("**Loan Agreement**") in connection with the Mortgaged Property as defined herein. The Loan is secured by a Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents dated as of June 1, 2024 ("**Mortgage**"), encumbering the Land, the Improvements and related personal and other property described and defined in the Mortgage as the "**Mortgaged Property**". The Mortgage will be duly recorded against the Mortgaged Property. The Conduit Issuer and the Trustee are entering into the Trust Indenture dated as of June 1, 2024 (the "**Indenture**"), pursuant to which the Conduit Issuer will assign to the Trustee, as security for the owners of the Bonds, the Loan repayments and covenants and all other rights and interests of the Conduit Issuer in the Loan Agreement (except for certain retained rights of the Conduit Issuer).
- C. Pursuant to an Amended and Restated Contract for Private Redevelopment dated May 21, 2001, recorded November 30, 2001, as Document Nos. 7593401 and 4070502, by and between the HRA and Richfield State Agency, Inc.; as amended pursuant to that certain First Amendment to Amended and Restated Contract for Private Development dated January 25, 2005, recorded January 26, 2005, as Document No. 4070504 and recorded May 4, 2005 as Document No. 8576021 by and between the HRA and Marshall & Ilsley Corporation, as successor by merger to Richfield State Agency, Inc.; as affected by Assignment and Assumption of Amended and Restated

Contract for Private Development dated January 25, 2005, recorded January 26, 2005, as Document Nos. 4070506 and 8576023 from Marshall & Ilsley Corporation to Woodlake-VEF IV, LLC; and as further affected by Assignment and Assumption of Amended and Restated Contract for Private Redevelopment dated January 31, 2014, recorded February 4, 2014, as Document Nos. A10051789 and T05150284, from Woodlake-VEF IV, LLC to Woodlake Partners, LLC; and as further affected by that certain Assignment and Second Amendment to Amended and Restated Contract for Private Redevelopment, dated March 19, 2018, between BMO Harris Bank, N.A., McDonald's USA, LLC, the HRA, and Woodlake Partners, LLC, recorded August 22, 2018 as Document No. T05554637; and as further affected by that certain Assignment and Assumption Agreement (Amended and Restated Contract for Private Redevelopment) dated March 11, 2019, recorded March 14, 2019 as Document No. T056008 and recorded April 10, 2019 as Document No. A10648855 (collectively, "**Contract**"), the HRA agreed to provide tax increment financing ("**TIF**") assistance to the Mortgaged Property and surrounding property and to issue TIF notes to reimburse the development costs in connection therewith. The Contract also encumbers the Land and Improvements.

- D. BMO is the current holder of that certain Tax Increment Revenue Note Series 2001A, issued by the HRA on October 17, 2001, in the original principal amount of \$2,500,000.00, with a maturity date of February 1, 2026 (the "**TIF Note**"). As holder of the TIF Note, BMO is the "Tax Exempt Note Holder" as defined in the Contract and BMO has certain rights and remedies under the Contract as such Tax Exempt Note Holder as provided in the Contract.
- E. The execution and delivery of this Agreement is a condition of the issuance of the Bonds and the subsequent Loan.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

- 1. **Definitions.** The following terms, when used in this Agreement (including, as appropriate, when used in the above recitals), will have the following meanings, and the other terms defined herein in context have their assigned meanings.
 - (a) The term "**Condemnation**," will have the meaning set forth in the Contract, but for purposes of this Agreement will be limited to the Mortgaged Property.
 - (b) "**Borrower**" means all persons or entities identified as "Borrower" in the first Recital of this Agreement, together with their successors and assigns, and any other person or entity who acquires title to the Mortgaged Property after the date of this Agreement; provided that the term "Borrower" will not include Mortgagee if Mortgagee acquires title to the Mortgaged Property.
 - (c) "**Casualty**" means the occurrence of damage to or loss of all or any portion of the Mortgaged Property by fire or other casualty.

- (d) **"Loss Proceeds"** means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.
- (e) **"Bond Documents"** means the "Bond Documents" as defined in the Loan Agreement.
- (g) **"Mortgagee"** means the Trustee.
- (h) **"Notice"** is defined in Section 5(c).
- (j) **"Restoration"** means restoring, repairing, improving, or constructing an addition to the Mortgaged Property to the equivalent of its original condition or to a substantially equivalent condition approved by Mortgagee.
- (k) **"Redevelopment Documents"** means the Contract and the TIF Note, and all other documents at any time evidencing, related to, or otherwise delivered in connection with the TIF assistance described in the Contract and the TIF Note, as the same may be amended.
- (l) **"Total Condemnation or Casualty"** means an event of Condemnation or Casualty at the Mortgaged Property that results in an actual or constructive loss of 100% of the fair market value of the Mortgaged Property or has rendered untenable 100% of the residential units of the Mortgaged Property.

2. **Condemnation or Casualty.**

- (a) Upon the happening of a partial or Total Condemnation or Casualty, the terms and provisions of the Bond Documents, or if not provided for in those provisions, Article VI of the Contract shall govern, except as set forth herein.
- (b) In the event of a Condemnation or a Casualty during the term of this Agreement, the following provisions will apply:
 - (i) Subject to Section 2(b)(ii) below, the rights of the HRA and BMO (under the Redevelopment Documents or otherwise) to participate in any proceeding or action relating to a Condemnation or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Condemnation or a Casualty, will be and remain subordinate in all respects to Mortgagee's rights under the Bond Documents with respect thereto, and the HRA and BMO will be bound by the finality of any settlement or adjustment of a claim resulting from a Condemnation or a Casualty made by Mortgagee. Notwithstanding anything to the contrary in the foregoing, BMO shall be kept reasonably informed by Mortgagee through the Notice provisions set forth in Section 5(c) below, in regard to any settlement or adjustment of any claim resulting from a

Condemnation or a Casualty and any such settlement or adjustment of any claim shall not impose any obligations on BMO or the HRA whatsoever.

- (ii) (A) Mortgagee agrees that in the event of a Total Condemnation or Casualty, for so long as the TIF Note is outstanding and provided that the event of a Total Condemnation or Casualty occurs prior to June 1, 2025, Mortgagee, in accordance with the terms of the Bond Documents, will apply all Loss Proceeds in connection with the Total Condemnation or Casualty for the purposes of Restoration of the Mortgaged Property. If the TIF Note is no longer outstanding or the Total Condemnation or Casualty occurs after June 1, 2025, all Loss Proceeds in connection with the Total Condemnation or Casualty will be applied either to payment of the costs and expenses of Restoration or to payment on account of the Bonds, as and in the manner determined in accordance with the terms of the Bond Documents.

(B). Mortgagee further agrees that in the event of a partial Condemnation or a partial Casualty, for so long as the TIF Note is outstanding, Mortgagee will, in accordance with the applicable provisions of the Bond Documents, apply all Loss Proceeds in connection with the partial Condemnation or partial Casualty for the purposes of Restoration of the Mortgaged Property. If the TIF Note is no longer outstanding, all Loss Proceeds in connection with the partial Condemnation or partial Casualty will be applied either to payment of the costs and expenses of Restoration or to payment on account of the Bonds, as and in the manner determined in accordance with the terms of the Bond Documents.

- (iii) If Mortgagee applies or releases Loss Proceeds for the purposes of Restoration of the Mortgaged Property, then so long as the Loss Proceeds are applied in accordance with Section 2(b)(ii), the HRA and BMO will release for such purpose all its other right, title and interest, if any, in and to such Loss Proceeds. If Mortgagee holds Loss Proceeds, or monitors the disbursement thereof, neither the HRA nor BMO will release for such purpose all of its other right, title and interest, if any, in and to such Loss Proceeds. Nothing contained in this Agreement will be deemed to require Mortgagee to act for or on behalf of the HRA and BMO in connection with any Restoration or to hold or monitor any Loss Proceeds in trust for or otherwise on behalf of the HRA and BMO, provided, however, any Loss Proceeds shall not be commingled with any funds of Mortgagee or expended in violation of Section 2(b)(ii) or the terms of the Bond Documents.

- (iv) If expressly permitted in Section 2(b)(ii) hereof, and if Mortgagee applies Loss Proceeds to payment on account of the Bonds in accordance with the terms of the Bond Documents, and if the application of such Loss Proceeds results in the payment in full of the entire Bonds, any remaining Loss Proceeds held by Mortgagee will be paid in accordance with Article VI of the Contract to the extent Loss Proceeds are available after application under Section 2(b)(ii).

- (c) Mortgagee may amend, waive, postpone, extend, renew, replace, reduce, or otherwise modify any provisions of the Bond Documents in accordance with the terms of the Bond Documents without the necessity of obtaining the consent of or providing Notice to the HRA and BMO, and without affecting any of the provisions of this Agreement, so long as such amendments to the Bond Documents shall not impair BMO's or the HRA's rights under the Contract or this Agreement. Mortgagee shall provide the BRA and BMO Notice of any such amendment.

3. **Indemnity; Expenses.** Borrower hereby agrees to indemnify, protect, defend and hold BMO harmless from, against and in respect of all losses, claims, costs, liabilities (including without limitation tax liability and interest and penalties imposed thereon), damages, and expenses, including attorneys' fees and costs, of BMO ("**Indemnification**") which are attributable, relating to, or stemming from, in any way, this Agreement, the terms hereof, or the mere act of BMO entering into this Agreement, and includes, without limitation, the loss of the TIF Note's tax exempt status, but only if Borrower's action or inaction or the terms of this Agreement directly caused the loss of the TIF Note's tax exempt status, it being understood that, but for Borrower agreeing to indemnify, protect, defend, and hold BMO harmless as set forth herein, BMO would not enter into this Agreement. BMO will not look to Mortgagee for any Indemnification provided, however, in the event Mortgagee acquires possession or title of the Mortgaged Property, whether by a foreclosure, deed in lieu of foreclosure, or trustee's sale or other exercise of a power of sale or similar disposition under the Mortgage, Mortgagee agrees to the Indemnification to the extent the loss of the TIF Note's tax exempt status is a direct result of Mortgagee's action or inaction occurring subsequent to Mortgagee acquiring possession of the Mortgaged Property. For so long as the TIF Note is outstanding, Borrower's obligations under this Section 3 shall survive the expiration or sooner termination of this Agreement. Upon payment in full of the TIF Note, Borrower's obligations under this Section 3 shall terminate. Notwithstanding anything to the contrary contained herein, the indemnification set forth in the Contract shall remain in full force and effect, including without limitation Article 9 of the Contract, and shall not be limited by this Agreement in anyway.

Upon five (5) days' notice from BMO, Borrower shall pay all fees, costs, and expenses (including actual attorney's fees) incurred by BMO in negotiating, interpreting, or otherwise related to this Agreement.

4. **Default Under Contract.** Until the TIF Note is satisfied in full, whenever the HRA shall deliver any notice or demand to Borrower with respect to any breach or default by Borrower in its obligations under the Contract, the HRA shall at the same time forward a copy of such notice or demand to Mortgagee at Mortgagee's address in Section 5 below. After any breach or event of default under the Contract referred to in the preceding sentence, Mortgagee shall (insofar as the rights of the HRA are concerned) have the right for a period of 90 days, at Mortgagee's option, to cure or remedy such breach or event of default. Mortgagee will not be subrogated to the rights of the HRA or BMO under the Redevelopment Documents by reason of Mortgagee having cured any such breach or event of default.

5. Miscellaneous Provisions.

- (a) If there is any conflict or inconsistency between the terms of the Redevelopment Documents and the terms of this Agreement, then the terms of this Agreement will control.
- (b) This Agreement will be binding upon and will inure to the benefit of the respective legal successors and permitted assigns of the parties to this Agreement. No other party will be entitled to any benefits under this Agreement, whether as a third-party beneficiary or otherwise. Mortgagee, Borrower, the HRA, and BMO agree that the HRA and BMO may enter into amendment(s) to the Contract without the requirement of consent so long as such amendment does not have a material adverse impact on (a) the Mortgaged Property or the rights or obligations of Borrower pursuant to the Contract, unless such amendment(s) expressly require Mortgagee's, or Borrower's consent pursuant to the Contract, or (b) the rights of Mortgagee pursuant to this Agreement. If Mortgagee or Borrower are required to consent to any such amendment pursuant to this Section 5(b), then Mortgagee and Borrower, as applicable, will either consent to or deny the amendment(s) within thirty (30) days of Mortgagee's or Borrower's receipt of Notice of such amendment(s) from the HRA or BMO, and such consent will not be unreasonably withheld, conditioned, or delayed.
- (c) Each notice, request, demand, consent, approval or other communication (collectively, "**Notices,**" and singly, a "**Notice**") which is required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery (any Notice so delivered will be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any Notice so delivered will be deemed to have been received on the next Business Day following receipt by the courier), or (iii) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any Notice so sent will be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:
 - (i) Notices intended for Mortgagee, as Trustee, will be addressed to:

U.S. Bank Trust Company, National Association
111 E. Filmore Avenue
EP-MN-WS3C
St. Paul, MN 55107
Attention: Corporate Trust
 - (ii) Notices intended for the HRA will be addressed to:

The Housing and Redevelopment Authority
in and for the City of Richfield, Minnesota
6700 Portland Avenue South

Richfield, Minnesota 55423
Attention: Executive Director

- (iii) Notices intended for BMO will be addressed to:

BMO Bank N.A.
111 West Monroe Street - 21 W
Chicago, IL 60603
Attention: Jordan Ruiz
Director – Municipal Underwriting Group
Institutional Markets

- (iv) Notices intended for Borrower will be addressed to:

The Pines of Richfield, LLC
c/o Cassia
Attn: Robert Dahl, President/CEO
7171 Ohms Lane
Edina, MN 55439

Any party, by Notice given pursuant to this Section, may change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its Notices, but Notice of a change of address will only be effective upon receipt. Neither party will refuse or reject delivery of any Notice given in accordance with this Section.

- (d) Nothing in this Agreement or in any of the Bond Documents or Redevelopment Documents will be deemed to constitute Mortgagee as a joint venturer or partner of either the HRA or BMO.
- (e) This Agreement will be governed by the laws of the State of Minnesota.
- (f) If any one or more of the provisions contained in this Agreement, or any application of any such provisions, is invalid, illegal, or unenforceable in any respect, the validity, legality, enforceability, and application of the remaining provisions contained in this Agreement will not in any way be affected or impaired. Notwithstanding anything to the contrary herein, in the event that the tax-exempt status of the TIF Note is challenged or threatened by reason of this Agreement in any way, then this Agreement shall immediately become null and void to the fullest extent necessary to preserve the tax-exempt status of the TIF Note.
- (g) The term of this Agreement will commence on the Effective Date and will continue until the earliest to occur of the following events: (i) the payment of all of the Bonds or (ii) the payment of the TIF Note.
- (h) No failure or delay on the part of any party to this Agreement in exercising any right,

power, or remedy under this Agreement will operate as a waiver of such right, power, or remedy, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise of such right, power, or remedy or the exercise of any other right, power or remedy under this Agreement.

- (i) Each party to this Agreement acknowledges that if any party fails to comply with its obligations under this Agreement, the other parties will have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.
- j) Nothing in this Agreement is intended, nor will it be construed, to in any way limit the exercise by the HRA of its governmental powers (including regulatory and taxing powers) with respect to Borrower or the Mortgaged Property to the same extent as if it were not a party to this Agreement or the transactions contemplated by this Agreement. Notwithstanding the provisions of this Agreement, the HRA shall continue to have the ability to withhold tax increment payments under Section 10.02 of the Contract upon an event of default under the Contract.
- (k) This Agreement may be assigned at any time by BMO or Mortgagee to any subsequent holder of the TIF Note or the Note. BMO and Mortgagee will provide the other written notice of any assignment of the Note or TIF Note within thirty (30) days of the effective date of such assignment.
- (l) This Agreement may be amended, changed, modified, altered or terminated only by a written instrument or written instruments signed by the parties to this Agreement. The parties hereto agree to cooperate with the others to execute and deliver a termination of this Agreement when and where required.
- (m) This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

6. Acknowledgements.

- (a) HRA's and BMO's rights under the Contract are hereby subordinated to the liens, rights and security interests created by the Bond Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Bond Documents for all purposes and in all respects. Regardless of any priority otherwise available to the HRA or BMO by law or by agreement, Mortgagee shall hold a first priority lien on the Mortgaged Property and any lien or interest claimed by the HRA and BMO shall be and remain fully subordinate for all purposes to the lien of the Mortgagee; provided, however, that nothing herein shall be construed as subordinating the Tax Exempt Note Holder's rights to receive payments under (or the obligation of the HRA to make payments on account of) the TIF Note.
- (b) HRA and BMO acknowledge the transfer of the Land from Pines Investments, L.L.C.

to Borrower and acknowledge and agree that such transfer was a permitted transfer under the Contract, and HRA and BMO further acknowledge that all conditions of the Contract required in connection with such transfer of the Land to Borrower have been discharged to the full and mutual satisfaction of both the HRA and BMO.

- (c) HRA and BMO acknowledge that Borrower has no liability under the Business Subsidy Agreement referred to in Section 11.8 of the Contract. Borrower hereby reaffirms and ratifies the Redevelopment Documents, including without limitation Article 9 and Section 10.5(d) of the Contract.
- (d) Notwithstanding anything to the contrary in Article 9 of the Contract, no consent of the HRA or the Tax Exempt Note Holder shall be required for any transfer of the Mortgaged Property which (i) results from a foreclosure sale pursuant to a judgment of foreclosure (or other order of court) entered in connection with Mortgagee's exercise of its rights and remedies under the Mortgage; or (ii) is to Mortgagee (or its designee) by Borrower in lieu of foreclosure of the Mortgage. In the event Mortgagee or any third party takes title to the Mortgaged Property, such party will take title subject to the Redevelopment Documents. Mortgagee covenants to not seek the avoidance, termination, or cancelation of the TIF Note or the Contract.
- (e) HRA and BMO represent and warrant to Mortgagee that neither the Borrower nor the HRA is in default under the Contract and that all covenants, conditions, and agreements have been performed as required therein except those not to be performed until after the date hereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

[Signature and acknowledgment pages follow]

Signature Page to Subordination Agreement effective as of the Effective Date

TRUSTEE /MORTGAGEE:

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Trustee

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of May, 2024, by _____, _____ of U.S. Bank Trust Company, National Association, a national association, on behalf of the banking association.

Notary Public

Signature Page to Subordination Agreement effective as of the Effective Date

BORROWER:

THE PINES OF RICHFIELD, LLC, as Borrower

By _____
Its President and CEO

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of May, 2024, by Robert M. Dahl, the President and CEO of The Pines of Richfield, LLC, a Minnesota nonprofit limited liability company, on behalf of the limited liability company.

Notary Public

Signature Page to Subordination Agreement effective as of the Effective Date

HRA:

The Housing and Redevelopment Authority
In and for the City of Richfield, Minnesota
A Minnesota public body corporate and politic

By _____
Its Chair

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of May, 2024, by Erin Vrieze Daniels, the Chair of The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic, on behalf of the public body corporate and politic.

Notary Public

HRA:

The Housing and Redevelopment Authority
In and for the City of Richfield,
A Minnesota public body corporate and politic

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of May, 2024, by Melissa Poehlman, the Executive Director of The Housing and Redevelopment Authority in and for the City of Richfield, a Minnesota public body corporate and politic, on behalf of the public body corporate and politic.

Signature Page to Subordination Agreement effective as of the Effective Date.

BMO:

BMO Bank, NA,
a national association

By _____
Its Director – Municipal Underwriting Group
Institutional Markets

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of May, 2024, by Jordan Ruiz, the Director – Municipal Underwriting Group Institutional Markets of BMO Bank, a national association, on behalf of the national association.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION

Parcel 1:

Lot 1, Block 2, Richfield Urban Village.

Hennepin County, Minnesota Torrens Property

Parcel 2:

Outlot B, Richfield Urban Village.

Hennepin County, Minnesota Abstract & Torrens Property

Parcel 3:

Non-exclusive perpetual easement for vehicular and pedestrian access over Outlots A, C, and D, Richfield Urban Village, Hennepin County, Minnesota, as established by that certain Easements and Declaration of Covenants and Restrictions dated January 3, 2000, filed September 22, 2000, as Document No. 3317547 (Torrens), and filed September 25, 2000, as Document No. 7359245 (Abstract).

Parcel 4:

Non-exclusive perpetual easement for overflow parking in the parking ramp located on Lot 3, Block 1, Richfield Urban Village, Hennepin County, Minnesota, as established by that certain Easements and Declaration of Covenants and Restrictions dated January 3, 2000, filed September 22, 2000, as Document No. 3317547 (Torrens), and filed September 25, 2000, as Document No. 7359245 (Abstract).



Taft Comments 2/5/24

February 5, 2024

BY EMAIL

Ms. Julie Urban
Assistant Community Development Director
City of Richfield
6700 Portland Ave.
City of Richfield, MN 55423

Re: The Pines of Richfield, LLC

Dear Ms. Urban:

The Pines of Richfield, LLC, a Minnesota limited liability company, the sole member of which is Augustana Care, a Minnesota nonprofit corporation and a 501(c)(3) organization, the sole member of which is Cassia, a Minnesota nonprofit corporation and a 501(c)(3) organization, requests the City of Richfield to assist in financing the acquisition described below by providing host approval to the City of Landfall Village to be the Issuer of one or more series of revenue bonds or other obligations in an aggregate principal amount not to exceed \$12,500,000. The Pines of Richfield, LLC is acquiring an existing senior housing and healthcare facility, including 75 assisted living apartment units and 8 care suites units, currently known as The Pines Senior & Assisted Living Community located at 400 67th Street, Richfield, MN. The property is licensed by the Minnesota Department of Health as an Assisted Living community and serves tenants who need assisted living and additional services provided in care suites.

Cassia was formed in 2020 and became the sole member of Augustana Care and Elim Care, Inc., which are both nonprofit corporations and 501(c)(3) organizations that originated in 1896 and 1927, respectively. The purpose of Cassia is to provide housing, health care, and support services to older adults in the spirit of Christ's love. Cassia and its support corporations own and operate 17 skilled nursing facilities, 31 assisted living and independent senior living buildings, a management company, a medical supply company, a therapy company, a pharmacy, and adult day care programs. Cassia also is a partial owner in joint ventures that include home care and hospice services, therapy services, and a primary care service organization that specializes in geriatric medicine.

One of Cassia's support organizations, Augustana Senior Development II, has managed The Pines Senior & Assisted Living Community since 2012. It is our intention to continue to manage and further support the Richfield senior living community through a commitment to own the property. Our familiarity with the residents, their families, and staff will contribute to a very seamless transition.

We will provide an affordability aspect for tenants with our ownership under The Pines of Richfield, LLC. At least 20% of the units will be occupied by tenants whose income does not



exceed 50% of the area median income, adjusted for family size. There is currently no formal program to serve lower income residents.

The Pines of Richfield, LLC will pay for the City's legal fees and other costs that may be incurred related to the financing. We respectfully request that the City hold a public hearing on March 26, 2024, grant host approval, and enter into a joint powers agreement with the City of Landfall Village that will allow us to close on our financing and acquisition, tentatively scheduled for May 22, 2024.

We look forward to working with the City and serving the Richfield community in a more committed way with our acquisition.

Sincerely,

Kathy L. Youngquist
Chief Financial Officer
(and Resident of Richfield)



STAFF REPORT NO. 10
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/20/2024

REPORT PREPARED BY: Jan Youngquist, Economic Development Manager

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
5/15/2024

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution approving the execution and delivery of a Donation Agreement with Olin 1, LLC to accept the donation of the property at 1620 and 1640 - 78th Street East to the Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:

Housing and Redevelopment Authority (HRA) staff and the representatives of the former Metro Sales property have developed and maintained an excellent working relationship over the years and together have been exploring redevelopment opportunities for the properties located at 1600 through 1710 - 78th Street East.

These properties consist of three tax lots; two are owned by the HRA and one is owned by the Karen A. Mathwig Revocable Trust (Trust), established by the late Jerry Mathwig, former owner of Metro Sales. The HRA owns the property at 1710 - 78th Street East and accepted the donation of the property at 1600 - 78th Street East from the Trust in 2021. The Trust owns the property in between these two lots, which consists of one tax lot that has two buildings on it, with the addresses of 1620 and 1640 - 78th Street East. The buildings are vacant and were the former location of Metro Sales, which has since consolidated its operations to its Burnsville location.

The Trust has been supportive of the City and HRA's vision to holistically redevelop the area and has been collaborative with HRA staff to explore redevelopment options. However, the current economic climate has made capital projects challenging and development has slowed. Meanwhile, the Trust continues to have carrying costs for its buildings at 1620 and 1640 - 78th Street East.

With the uncertainty of when redevelopment may occur, the Trust has generously offered to donate the property at 1620 and 1640 - 78th Street East (owned under Olin 1, LLC) to the HRA rather than sell it on the private market.

On April 15, 2024, the HRA approved a Preliminary Donation Agreement (Preliminary Agreement) directing staff to contract for the review of property title work and completion of a Phase I Environmental Site Assessment. Staff and the HRA Attorney have completed this review and no unforeseen concerns have arisen.

The HRA Attorney has prepared the attached Donation Agreement (Agreement) for the property. The Agreement states that the closing would occur on or before June 15, 2024 and the HRA would pay the 2024 property taxes prorated as of the closing date. Staff recommends that the HRA

approve the Agreement.

RECOMMENDED ACTION:

By motion: Approve the attached resolution approving the execution and delivery of a Donation Agreement with Olin 1, LLC.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The property at 1710 - 78th Street East was purchased by the City in 2000 for the construction of the 77th Street underpass. The City transferred ownership of this property to the HRA in August 2022.
- In December 2021, the HRA accepted the donation of the property at 1600 - 78th Street East from the Trust.
- In 2022, the City and HRA undertook a visioning process for the properties owned by the HRA and the Trust.
- A Request For Interest was published in January 2023 with the hope of attracting a private party with whom to partner on redevelopment. The HRA did not receive any applications of interest, but had several conversations with prospective developers.
- At a work session in March 2023, the HRA indicated that it was not interested in purchasing the Trust's property, but would like to continue to work with the Trust in redevelopment of the site.
- The Minnesota Cycling Center (MNCC) contacted HRA staff in June 2023 to express interest in the site for development of a multi-purpose velodrome facility.
- The City Council, HRA and Planning Commission held a joint work session on August 8, 2023 to discuss the velodrome proposal. Policymakers expressed support for the project in concept and directed staff to continue conversations with MNCC and the Trust to pursue development of the project.
- On September 18, 2023, the HRA adopted a resolution supporting a proposed velodrome project with MNCC for the sites owned by the HRA and the Trust. The resolution indicates that the HRA supports the project in concept and will work with MNCC and the Trust to explore options for redevelopment of the properties. The resolution does not obligate the HRA to approve any specific development proposal. MNCC is seeking financial support for the project from the State Legislature.
- On April 15, 2024, the HRA approved a Preliminary Agreement that directed staff to contract for the review of property title work and completion of a Phase I Environmental Site Assessment.

B. EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The Strategic Plan calls for increased diversification of the tax base through commercial development. This property, in combination with the adjacent HRA properties, create a rare 3.7 acre commercial redevelopment site along the Interstate 494 corridor.
- If the HRA accepts the donation of the property for redevelopment, future development proposals will be evaluated for equity impacts.

C. POLICIES (resolutions, ordinances, regulations, statutes, exc):

- Minnesota Statute 465.03 allows a city to accept a grant of real or personal property and requires that acceptance be by resolution of the governing body, adopted by a two-thirds majority of its members.
- The 2040 Comprehensive Plan guides the property for Regional Commercial development, which is defined as "uses located along regional corridors that provide visibility and accessibility." These commercial uses are intended to be larger in scale and attract users throughout the Twin Cities metropolitan area.
- The property is zoned Mixed Use-Regional, which supports destination oriented commercial and office uses at a high density/intensity of development.

D. CRITICAL TIMING ISSUES:

- The Agreement requires that closing take place on or before June 15, 2024.
- In order to qualify for an exemption for property taxes payable in 2025, the HRA must submit an application for tax exempt status to Hennepin County by June 30, 2024.

E. FINANCIAL IMPACT:

- The appraised value of the property is \$4,220,000.
- If the HRA accepted the donation, it would be responsible for paying the 2024 property taxes prorated from the closing date, which would be approximately \$62,000.

- The property is located in the 77th Street Maintenance District as part of the Interstate-Lyndale-Nicollet Project Area and is subject to annual special assessments for street maintenance and associated City services. The special assessments for 2024 are \$1,238.22 and are incorporated into the property tax payment.

F. LEGAL CONSIDERATION:

- HRA Attorney Julie Eddington has been consulted and drafted the attached Donation Agreement.

ALTERNATIVE RECOMMENDATION(S):

- Decline the offer of the property donation.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
☐ Resolution	Resolution Letter
☐ Donation Agreement	Contract/Agreement
☐ Location Map	Backup Material

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

RESOLUTION NO. _____

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A DONATION
AGREEMENT WITH OLIN 1, LLC**

WHEREAS, Olin 1, LLC, a Minnesota limited liability company (the "Owner"), is the fee simple owner of property located at 1620 and 1640 - 78th Street East, Richfield, Minnesota (the "Property"); and

WHEREAS, the Owner has proposed to donate the Property, including the office buildings on the Property, to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"); and

WHEREAS, the Authority and the Owner entered into a Preliminary Donation Agreement, dated April 15, 2024, which set forth the terms under which the Authority was allowed to conduct due diligence on the Property to determine the Property's suitability and feasibility for redevelopment; and

WHEREAS, following its completion of the due diligence, the Authority has determined to move forward with accepting the donation of the Property by the Owner; and

WHEREAS, the Board of Commissioners of the Authority has been presented with a form of a Donation Agreement (the "Agreement") between the Authority and the Owner, which sets forth the terms of the donation of the Property to the Authority; and

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

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

2. The Chair and Executive Director are hereby authorized to execute the Agreement on behalf of the Authority and to carry out on the Authority's obligations thereunder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of May, 2024.

Erin Vrieze Daniels, Chair

ATTEST:

Sean Hayford Oleary, Secretary

DONATION AGREEMENT

THIS DONATION AGREEMENT (the “Agreement”) is made and entered into this 20th day of May, 2024 (the “Effective Date”), between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “HRA”), and Olin 1, LLC, a Minnesota limited liability company (the “Owner”).

1. OWNER’S PROPERTY. The Owner is the owner in fee simple of real estate located at 1620 and 1640 78th Street East in the City of Richfield, Hennepin County, Minnesota, consisting of land identified by Tax Parcel Identification Number 35-028-24-44-0033 which is legally described in EXHIBIT A attached hereto (the “Donated Property”).

2. OFFER/ACCEPTANCE. In consideration of the mutual agreements between the Owner and the HRA contained herein, the Owner agrees to donate the Property to the HRA, and the HRA agrees to accept the Donated Property from the Owner. If the HRA accepts the Donated Property, the HRA accepts the Donated Property in its as-is, where-as, with all faults condition, and expressly acknowledges that notwithstanding anything to the contrary in this Agreement (a) it has inspected the Donated Property to its full and complete satisfaction with the full cooperation of the Owner; and (b) it has not relied, and does not rely, upon any warranties, representations, or statements concerning the Donated Property made by the Owner or anyone representing the Owner. This Section shall survive the expiration or termination of this Agreement and the conveyance of the Donated Property to the HRA. Consistent with the foregoing, the HRA, for itself and its agents, affiliates, successors, and assigns, hereby releases and forever discharges the Owner, its agents, affiliates, subsidiaries, successors, and assigns (collectively, the "Releasees") from any and all rights, claims, and demands at law or in equity, whether known or unknown at the time of this Agreement, which the HRA has or may have in the future, arising out of the physical, environmental, or legal condition of the Donated Property, including, without limitation all claims for indemnification or contribution arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601, et seq.) or any similar federal, state, or local statute, rule, or regulation. To the extent there is a conflict or inconsistency between this Section 2 and any other provision of this Agreement, the terms of this Section 2 shall control. The provisions of this Section shall survive the conveyance of the Donated Property or termination of this Agreement indefinitely and shall not be merged into the closing documents.

3. VALUE OF DONATED PROPERTY. The parties agree that for taxation purposes the value of the Donated Property is Four Million Two Hundred Twenty Thousand and No/100 Dollars (\$4,220,000.00) based on an Appraisal Report provided by CBRE, Inc. (Michael Moynagh, MAI), dated April 3, 2024.

4. CONTINGENCIES. This Donation Agreement is contingent upon the satisfaction of the following condition:

- A. Condition of title being satisfactory to the HRA following the HRA’s examination of title as provided for in Section 9 of this Donation Agreement.

The parties shall have until the Closing Date, as herein defined, of the donation of the Donated Property (“Closing”) to satisfy the foregoing contingency. If the contingency is duly satisfied or waived in writing by the HRA by June 15, 2024, then the HRA and the Owner shall proceed to close the transaction as contemplated herein. If, however, the contingency is not timely satisfied and is not waived in writing by the HRA, then this Donation Agreement may be terminated by the HRA, upon the written notice of HRA, which to be effective, must be received by Owner before June 15, 2024. If this Donation Agreement is

terminated, then the HRA and the Owner shall execute and deliver to each other a termination of this Donation Agreement.

5. PERSONAL PROPERTY INCLUDED IN DONATION. The following items of personal property and fixtures owned by the Owner and currently located on the Donated Property are included in this donation: None. The Owner will remove all personal property from the Donated Property.

6. CLOSING DATE. The Closing shall take place on or before June 15, 2024 (the “Closing Date”), unless otherwise mutually agreed upon by the Owner and the HRA. The Closing shall take place remotely or such other location as mutually agreed upon by the Owner and the HRA.

7. DOCUMENTS TO BE DELIVERED AT CLOSING. The Owner agrees to deliver the following documents to the HRA at Closing:

- A. A duly recordable limited warranty deed conveying marketable fee simple title to the Donated Property to the HRA, free and clear of any mortgages, liens or encumbrances other than matters created by or acceptable to the HRA;
- B. An affidavit from the Owner sufficient to remove any exception in the HRA’s policy of title insurance for mechanics’ and materialmens’ liens and rights of parties in possession;
- C. Affidavit of the Owner confirming that the Owner is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code;
- D. A completed Minnesota Well Disclosure Certificate;
- E. Any notices, certificates, and affidavits regarding any private sewage systems, underground storage tanks, and environmental conditions as may be required by Minnesota statutes, rules or ordinances; and
- F. Customary affidavits, certificates and such other documents as the HRA may request to carry out this transaction in form and substance acceptable to Owner.

8. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. General real estate taxes and installments of special assessments payable therewith in the year prior to the year of Closing and all prior years will be paid by Owner. General real estate taxes and installments of special assessments payable therewith in the year of closing shall be prorated on a daily basis by the Owner and the HRA as of the Closing Date based upon a calendar year. The HRA shall be responsible for all taxes and special assessments for the Donated Property for all years after Closing.

9. EXAMINATION OF TITLE; CURING TITLE DEFECTS. The Owner will provide to the HRA any available title records in its possession. The HRA will obtain a commitment for title insurance (“**Commitment**”) for the Donated Property, and the HRA shall have 20 business days after receipt thereof to examine the same and to deliver written objections to title, if any, to the Owner, or the HRA’s right to do so shall be deemed waived. The Owner shall have until Closing to make title marketable at the Owner’s cost. In the event that title to the Donated Property cannot be made marketable or is not made marketable by the Owner by Closing, then this Donation Agreement may be terminated at the option of the HRA in accordance with Section 4 of this Agreement.

10. CLOSING COSTS AND RELATED ITEMS. The Owner shall be responsible for the following closing costs and related items: all charges relating to the filing of any instrument required to make title marketable and its own legal fees associated with this transaction. The HRA shall be responsible for the following costs and related items: premiums required for issuance of the HRA's title insurance policy, if purchased by the HRA; any costs of preparation of a title commitment, including any abstracting fees and fees for standard searches with respect to the Owner and the Donated Property; any state deed tax and conservation fee with respect to the limited warranty deed; its own legal fees associated with this transaction; all other recording fees; fees of any soil tests, environmental assessments, inspection reports, appraisals, or other tests or reports ordered by the HRA in connection with its acquisition of the Donated Property; and closing fees charged by the title company or closer.

11. POSSESSION/CONDITION OF PROPERTY. The Owner shall deliver possession of the Donated Property to the HRA at Closing in the same condition as the Donated Property existed on the date of execution of this Donation Agreement, subject to ordinary wear and tear and any damage caused by the HRA during its inspections.

12. DONOR'S WARRANTIES. The Owner has good, indefeasible and marketable fee simple title to the Donated Property. The Owner has the legal capacity and is authorized to enter into this Donation Agreement. The Owner warrants that there has been no labor or material furnished to the Property for which payment has not been made. The Owner agrees not to place any liens or encumbrances on the Donated Property after the date of execution of this Donation Agreement. The Owner warrants that there are not any tenants, or third parties entitled to possession of all or any portion of the Property and there are no leases, oral or written, affecting all or any portion of the Property. The Owner warrants that it has no actual knowledge of any "Hazardous Substance," "pollutant" or "contaminant" ever being released from any "facility" or "vessel" located on or used in connection with the Donated Property and has not taken any action in "response" to a "release" in connection with the Donated Property (the terms set forth in quotation marks shall have the meanings given to them in the federal Comprehensive Environmental Compensation and Liability Act). The Owner represents that as of Closing, there will be no obligations or liabilities of any kind or nature whatsoever, including, but not limited to, any tax liabilities, contract liabilities, or tort liabilities for which or in which the HRA or the Donated Property will be liable or subject except for non-delinquent real estate tax and/or special assessment obligations, charges for any utilities serving the Donated Property in the ordinary course (which shall be prorated between the HRA and the Owner as of the Closing Date) or obligations or liabilities arising from the actions of the HRA or any vendor, contractor or consultant of the HRA. To the best of the Owner's knowledge, there are no septic systems on the Donated Property. Owner has not filed, voluntarily, or involuntarily for bankruptcy relief within the last year under the United States Bankruptcy Code or has any petition for bankruptcy or receivership been filed against the Owner within the last year. The Owner represents that to Owner's actual knowledge, Owner has not received any written notice from any governmental authority regarding a violation of any regulation, ordinance, or law related to the Donated Property, which remains uncured. If the Donated Property is subject to any restrictive covenants, then the Owner represents that the Owner has not received any notice from any person or authority concerning a breach of those covenants. The Owner shall provide any notices which the Owner receives concerning a breach of those covenants to the HRA immediately. The HRA acknowledges and agrees that the representations set forth in this Section are for informational purposes only, shall not be relied upon by the HRA, and shall not affect or limit the HRA's agreements set forth in Section 2 of this Agreement.

13. EASEMENTS. The Owner represents and warrants that there are no easements, or claims of easements, other than the easements of public record on the Donated Property.

14. BROKER COMMISSIONS. The Owner and the HRA represent and warrant to each other that there is no real estate agent or broker involved in this transaction with whom either has negotiated, or to whom either has agreed to pay any agent or broker commission or fees. Each party agrees to defend, indemnify, and hold harmless the other for any and all claims for any agent or brokerage commissions or fees in connection with negotiations for conveyance of the Property arising out of any alleged agreement or commitment or negotiation by the indemnifying party.

15. MERGER OF REPRESENTATIONS, WARRANTIES. The representations and warranties contained in this Donation Agreement will be merged into any instrument or conveyance delivered at the Closing.

16. ENTIRE AGREEMENT; AMENDMENTS. This Donation Agreement constitutes the entire agreement between the parties and no other agreement prior to this Donation Agreement or contemporaneous herewith shall be effective except as expressly set forth or incorporated herein. Any purported amendment hereto shall not be effective unless it shall be set forth in writing and executed by both parties or their respective successors or assigns.

17. BINDING EFFECT; ASSIGNMENT. This Donation Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

18. NOTICE. Any notice, demand, request or other communication which may or shall be given or served by the parties shall be deemed to have been given or served on the date the same is deposited in the United States Mail, registered or certified, postage prepaid and addressed as follows:

To the HRA: Richfield Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, MN 55422
Attn: Melissa Poehlman, Executive Director

To the Owner: Olin 1, LLC
c/o Timothy J. Pabst
281 Judd Street
Marine on St. Croix, MN 55047

or such other address as either party may give to another party in accordance with this Section 18.

19. DEFAULT; REMEDIES; SPECIFIC PERFORMANCE. If either party defaults in any of its obligations under this Donation Agreement, then the other party may terminate this Donation Agreement by written notice delivered pursuant to Section 18 hereof. If this Donation Agreement is not so terminated, then the HRA or the Owner may seek specific performance of this Donation Agreement, provided that any action for specific enforcement of this Donation Agreement must be brought within six months after the date the party receives actual notice of the alleged breach.

20. COUNTERPARTS. This Donation Agreement may be executed in any number of counterparts, each of which will, for all purposes, be deemed to be an original, and all of which are identical. This Donation Agreement may further be evidenced by facsimile and email scanned signature pages.

21. FURTHER ASSURANCES. Each party agrees that it will, without further consideration, execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Donation Agreement.

22. SEVERABILITY. In case any one or more of the provisions contained in this Donation Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Donation Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

23. WAIVER. The waiver by any party of a breach of any provision of this Donation Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or another provision of this Donation Agreement.

24. INDEPENDENT REVIEW. The Owner warrants to the HRA that it has undertaken an independent review of the transaction contemplated herein, and has, to the extent necessary, engaged the services of professional advisors to determine the availability of any tax benefits which may be realized upon completion of this transaction. The HRA makes no warranties about any tax benefit which may be received, and the Owner hereby waives any claims against the HRA related to any such benefits which may or may not be realized upon completion of this transaction.

25. USE OF DONATED PROPERTY. The parties hereto agree that the underlying purpose of this Donation Agreement is to provide the Donated Property to the HRA for redevelopment. The HRA shall exercise its discretion in determining what activities to allow on the Property. Nothing herein shall be construed as constituting a deed restriction.

IN WITNESS WHEREOF, the parties have executed this Donation Agreement effective on the date and year first written above.

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

By _____
Erin Vrieze Daniels
Its Chair

By _____
Melissa Poehlman
Its Executive Director

Execution page of the Owner to the Donation Agreement, dated the date and year first written above.

OLIN 1, LLC, a Minnesota limited liability company

By _____
Timothy J. Pabst, Trustee of the Karen A. Mathwig Revocable Trust, the sole owner of Olin 1, LLC

EXHIBIT A

PROPERTY

Parcel 1:

That part of the South 1/2 of the Southeast quarter of the Southeast quarter of Section 35, Township 28, Range 24 lying South of the North 180.26 feet thereof and lying East of the West 630 feet thereof. Also the North 180.26 feet of the East 92 feet of the West 722 feet of the South 1/2 of the Southeast quarter of the Southeast quarter of said Section 35, except that portion contained in the following described tract to wit: Beginning at a point in the East line of said Section 35, 383 feet North of the Southeast corner of said Section 35, thence West parallel with the South line of said Section 35, 158 feet, thence North parallel with the East line of said Section 35, 150 feet, thence East parallel with the South line of said Section 35, 158 feet thence South along the East line of said Section 35, 150 feet to the point of beginning.

Hennepin County, Minnesota
Torrens Certificate No. 1443558

AND

Parcel 2:

That part of the East 150 feet of the West 630 feet of the South 1/2 of the Southeast Quarter of the Southeast Quarter of Section 35, Township 28, Range 24 lying South of the North 180.26 feet thereof. Also the North 180.26 feet of the East 140 feet of the West 630 feet of the South 1/2 of the Southeast Quarter of the Southeast Quarter of said Section 35.

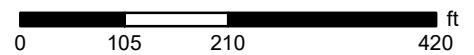
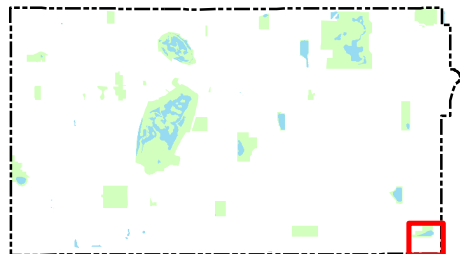
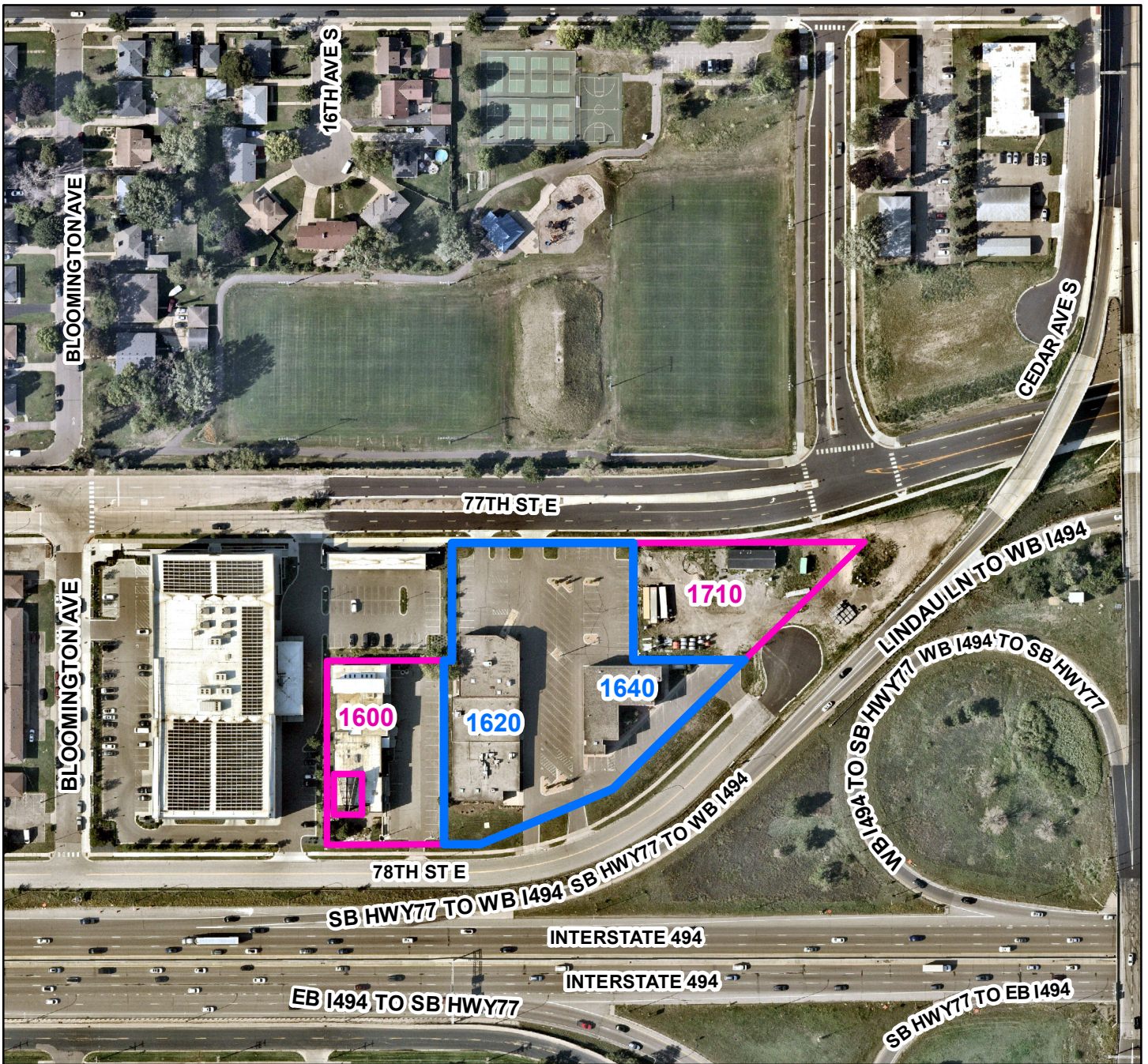
Hennepin County, Minnesota
Torrens Certificate No. 1463660



RC125-383(JAE)
942824v.2



HRA and Mathwig Trust Properties

1600 through 1710 - 78th Street East



-  Mathwig Trust Property
-  HRA Properties





STAFF REPORT NO. 11
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/20/2024

REPORT PREPARED BY: Celeste McDermott, Housing Specialist

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
5/16/2024

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of Program Guidelines for the Woodlawn Terrace Homebuyer Assistance Program.

EXECUTIVE SUMMARY:

Woodlawn Terrace is a manufactured home community offering affordable homeownership opportunities located at 7421 Lyndale Avenue South. In order to further promote affordable housing opportunities to low and moderate income buyers, the Housing and Redevelopment Authority (HRA) has budgeted \$60,000 for a Woodlawn Terrace Homebuyer Assistance Program (Program) to be administered by HRA staff. The Woodlawn Terrace Cooperative (WTC) has partnered with Home Source Inc, a licensed manufactured home dealer and real estate agency based in the Twin Cities Metro area, to bring in approximately 21 new units that will be priced at approximately \$80,000 - \$100,000 each. This Program will be aimed at households earning no more than 80% of the Area Median Income (AMI) and will provide no-interest, deferred loans of up to \$15,000 to use towards the purchase of a new manufactured home in Woodlawn Terrace. The loans will be forgiven on a pro-rated basis over a 10-year period. Income limits and other eligibility requirements will apply.

HRA staff met with representatives from the WTC, HomeSource Inc, and NorthCountry Cooperative Foundation during the development of the Program. The loan products available for manufactured homes are structured differently than single family home mortgages. They usually have higher interest rates and shorter loan periods which result in higher monthly payments than you would see for a traditional mortgage of an equal amount. The Program will help ensure that monthly payments on the new homes being added in Woodlawn Terrace remain affordable for low and moderate income buyers.

RECOMMENDED ACTION:

By motion: Approve Program Guidelines for the Woodlawn Terrace Homebuyer Assistance Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- With the assistance of NorthCountry Cooperative Foundation, the residents of Woodlawn Terrace formed the WTC in 2021 in order to purchase the underlying property. This allowed the residents to own the land they live on as a Cooperative and will ensure that the park can remain a long term source of affordable housing.
- The HRA has approved funds for upgrading utilities and making improvements to rental units located in Woodlawn Terrace. The HRA also received a grant from the Metropolitan Council to cover the affordability gap for bringing in three larger-sized units.
- The WTC is seeking to add new units to Woodlawn Terrace. There are currently 32 occupied housing

units in the park, two new homes for sale, and two additional homes to be demolished. The WTC plans to increase the total number of units to 53, offering an opportunity for an additional 21 households to purchase homes.

- The demand for purchase assistance is great, as buyers struggle to meet rising home prices without taxing their monthly spending.
- Staff began discussions about this potential Program in 2021 and has since met with various stakeholders and partners to discuss Program Guidelines and administration.

B. EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The Program furthers equity goals by providing a path to affordable home ownership for low-income households.
- The Program supports the 2023-2027 Strategic Plan outcome of maintaining Richfield as an affordable place to live.

C. POLICIES (resolutions, ordinances, regulations, statutes, exc):

- Support for Woodlawn Terrace furthers the Comprehensive Plan goal to provide a full range of housing choices that meets residents' needs at every stage of their lives, and to ensure a healthy balance of housing types that meets the needs of a diverse population with diverse needs.

D. CRITICAL TIMING ISSUES:

- WTC is currently marketing units for sale. Upon approval of the Program Guidelines, the Program will be available to low and moderate income buyers at Woodlawn Terrace.

E. FINANCIAL IMPACT:

- \$60,000 has been budgeted for the Woodlawn Terrace Homebuyer Assistance Program.
- Funds will be distributed in the form of a no-interest loan to buyers that will be forgiven on a pro-rated basis over 10 years.
- Maximum individual loan amount is \$15,000.

F. LEGAL CONSIDERATION:

- The owners of the manufactured housing units do not own the land underneath the unit, so the HRA will secure its loan by filing a lien against the unit's title.
- The HRA Attorney has reviewed the Program Guidelines and will draft loan documents necessary to administer the Program.

ALTERNATIVE RECOMMENDATION(S):

- Approve the Woodlawn Terrace Homebuyer Assistance Program Guidelines with changes.
- Do not approve the Woodlawn Terrace Homebuyer Assistance Program Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
☐ Woodlawn Terrace Downpayment Assistance Guidelines	Backup Material

City of Richfield
Woodlawn Terrace Homebuyer Assistance Program

Part I: GENERAL PROGRAM DESCRIPTION

Program Overview

The Richfield Housing and Redevelopment Authority (HRA) offers a financial assistance program for homeownership funded by the City of Richfield’s Affordable Housing Trust Fund. The Woodlawn Terrace Homebuyer Assistance Program (Program) provides financial assistance for low and moderate income households to purchase a new manufactured home in the Woodlawn Terrace community.

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

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

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

Program Goals

The Woodlawn Terrace Homebuyer Assistance Program has the following two goals:

- a. Assist low-income households to purchase manufactured homes within the Woodlawn Terrace community in the City of Richfield by providing financial assistance.
- b. Promote sustainable manufactured home communities within the City of Richfield.

Program Administration

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

Data Privacy

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

Purpose of the Program Guidelines

The purpose of these Guidelines is to establish policies for carrying out the Program in a manner consistent with all applicable HUD requirements and City of Richfield goals.

PART II: PROGRAM POLICIES

Financial Assistance

The financial assistance is in the form of a loan of up to \$10,000, or up to \$15,000 if additional eligibility requirements are met. The homebuyer must contribute a minimum of \$1,000 of their own funds towards the purchase of their manufactured home. There is no interest on the loan and no payments are required. The loan is forgiven on a pro-rated basis of 10% each year and is fully forgiven after 10 years. If the home is sold, the title transferred, or no longer owner-occupied, within the first 10 years after the purchase date, then the remaining pro-rated amount will become due.

The financial assistance may be used to reduce the loan amount up to \$15,000, depending on eligibility. The applicant(s) housing ratio cannot exceed 35% of their gross monthly qualifying income. The housing ratio is calculated using the current year's projected income. Under certain circumstances, the HRA Executive Director may allow the housing ratio to exceed 35%.

The financial assistance will be provided at a minimum amount of \$3,000 and a maximum amount of \$15,000. In certain situations, the HRA Executive Director may authorize additional assistance up to \$5,000 (for a total loan amount up to \$20,000) for applicants who demonstrate a need and meet other criteria. Some examples of circumstances that may warrant additional funding are: an urgent need for safe housing, applicants who work in Richfield, or children who attend school in the Richfield school district. Applicants must have exhausted all other options and may be required to seek additional financial counseling. The HRA Staff will review the applicant's verified income and assets, estimated closing costs, purchase agreement, and lender's recommendations for financial assistance in compliance with uses described above. Applicants must provide a pre-approval letter from a Lender indicating the maximum amount of financing the borrower would qualify for from the primary lender.

The HRA will verify an applicant's income and assets. The HRA will calculate the applicant's gross annual income using paystubs and recent tax returns or other qualifying verification as determined by HRA staff to ensure the applicant(s) qualifies as a low or moderate income household as required by these Guidelines and to determine the maximum amount of assistance.

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

- Selected applicants must meet the requirements of the Program and be eligible for financial assistance throughout the entire application process.
- The financial assistance provided by the Program is in the form of a no-interest loan that is forgiven 10 years from the initial purchase date. If the housing unit is sold, transferred or no longer the primary place of residence within that 10-year period, the loan will be repaid on a pro-rated basis.

- The homebuyers must file a lien card and execute a repayment agreement with the HRA providing for repayment of the indebtedness 10 years from the initial purchase date or when the house is sold, transferred or no longer the primary place of residence, whichever occurs first.

Responsibilities of the Woodlawn Terrace Homebuyer

The responsibilities of the prospective homebuyers are to:

- Obtain financing pre-qualification from a lender.
- Execute a purchase agreement with HomeSource on a new manufactured home located in Woodlawn Terrace.
- Complete, sign and return the full application packet, authorization for release of information form, and other certification and verification forms within the time frame specified.
- Register and attend a homebuyer education course approved by HRA staff.
- Provide information throughout the process as required by the lender or the HRA staff.
- Execute the lender's documents as required.
- Execute the HRA's required loan documents.
- Close on the property within the time frame specified in the Purchase Agreement.
- Execute other required forms within the time frame specified or required.
- Take occupancy of the dwelling within 30 days after closing, homestead the property, and continue to occupy the dwelling as a principal place of residence.
- Make principal, interest, lot rent, property tax and insurance payments as required.
- Reimburse the HRA in accordance with the HRA's lien should repayment be triggered through sale, moving, transfer of ownership or foreclosure within 10 years or default on any other terms of the loan documents.
- Once the home title is received, the homeowner must send title to City of Richfield so that a lien can be added.

Responsibilities of the HRA

The responsibilities of the HRA for the Program are to:

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

- Notify applicants when ineligible.
- Direct prospective buyers to register for the homebuyer workshops and provide information and forms related to the Program.
- Review all application materials and supporting documentation for consistency with the Program requirements.
- Prepare and execute the HRA loan documents.
- Provide financial assistance according to Program Guidelines to the applicant at the time of Closing.
- Service the HRA loan documents.
- Modify or terminate the Program as may be appropriate or required.

Determining Eligibility

At the time of application, applicants must provide the HRA with the following information to help staff determine if the household meets the eligibility requirements:

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

The information listed above will provide the HRA sufficient information to conduct an initial screening and determine if the applicant is eligible for the Program.

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

Supporting Documentation

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

- Authorized purchase agreement on a manufactured home located in Woodlawn Terrace in Richfield.
- Pay stubs for all household members, ages 18 years and older, earning income.
- Tax returns stubs for all household members, ages 18 years and older, earning income.

- Bank statements, financial statements and all other document(s) that verify gross assets for all household members, ages 18 years and older.
- Previous addresses.
- Proof of completion of an approved homebuyer workshop.

Summary of the Application Process

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

- The applicant meets with HomeSource.
- The applicant meets with a lender and applies for loan pre-approval for a manufactured home in Woodlawn Terrace.
- The applicant completes and submits to the HRA: (i) a Woodlawn Terrace Homebuyer Assistance application; (ii) authorization form for release of information to the HRA; and (iii) a loan pre-approval letter from the lender.
- The applicant is notified by the HRA whether or not they are eligible for the Program based on the information provided and an initial screening.
- The applicant registers for and attends an approved homebuyer education course.
- The applicant enters into a purchase agreement.
- The lender confirms applicant's loan eligibility and approves purchase.
- The applicant contacts the HRA with supporting documentation.
- The HRA reviews appraisal, purchase agreement, loan estimate, and eligibility verification for consistency with Program goals and requirements.
- The HRA issues an approval letter or denial letter to applicant.
- The HRA prepares the closing documents required by the Program Guidelines.

Post Approval Process

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

- If the application meets the Program requirements, the loan funds (not to exceed \$15,000) will be reserved for the applicant and brought to the closing.
- HRA staff will provide homeowners with a copy of their loan documents, along with information regarding loan subordinations and servicing.

Eligibility Requirements

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

- Must have no prior home ownership in the past three years (unless displaced due to divorce).
- Must not have a gross annual income that exceeds the maximum income limits which are revised annually to reflect the current year's CDBG maximum income limits. Income is calculated using prior year tax returns and verified by most recent paystubs. For information on calculating income, please contact a Richfield Housing Specialist.

FY 2024 CDBG Household Income Limits		
Calculated by the Area Median Income. Source: https://www.hudexchange.info/resource/5334/cdbg-income-limits/		
Household Size	50% AMI	80% AMI
1 Person Household	\$43,500	\$68,500
2 Person Household	\$49,700	\$78,250
3 Person Household	\$55,900	\$88,050
4 Person Household	\$62,100	\$97,800
5 Person Household	\$67,100	\$105,650
6 Person Household	\$72,050	\$113,650
7 Person Household	\$77,050	\$121,300
8 Person Household	\$82,000	\$129,100

- Must not have post-closing gross assets exceeding \$25,000.00, excluding retirement savings.
- Borrowers are required to invest at least \$1,000.00 of their own monies towards the purchase price of the home.
- Must meet the requirements of a Lender and qualify for financing.
- Loan must be a fixed-rate, prime loan. No adjustable or balloon loans.
- Must fulfill the Program obligations in a timely manner and must remain eligible to participate based on the Program requirements and those of the lender through the time of closing.
- Must not have a previous loan through the HRA that ended in foreclosure or any other loan that ended in foreclosure within the previous five years.
- Must meet the requirements as specified elsewhere in these Program Guidelines.

- HRA Director may authorize exemptions to the above criteria on a case by case basis if there are extenuating circumstances.

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

- Applicant earns 50% AMI or below.
- Applicant is a first generation homeowner.
- Applicant is a current renter in Richfield with verifiable lease and proof of rent paid, showing at least six months tenancy in Richfield.
- Household has at least one dependent under the age of 18.
- One or more household member is disabled (as verified by a physician signed form).

Denial of Eligibility

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

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

Eligible Dwellings

To be eligible the property must meet the following requirements:

- Be a new manufactured home.
- Be located at Woodlawn Terrace in the City of Richfield.
- Be free of lead-based paint hazards at the time of Closing. See page 11 for more detailed information regarding lead-based paint hazards.

Applicant Outreach

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

Applicant Pool

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

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

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

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

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

PART III: PROGRAM RULES

Repayment of Assistance

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

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

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

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

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

Subordination of Loans

Richfield HRA loan recipients requesting subordination of the interest of the HRA lien must submit a subordination request form, the required supporting documentation, and a processing fee. The current HRA subordination policy and forms are available on the City of Richfield website (www.richfieldmn.gov) or by calling the Community Development Department at 612-861-9760. Requests will not be considered until all documents and the processing fee have been received.

Targeted Funding

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

Total Amount of Assistance

The total amount of assistance received through the Richfield HRA for the Woodlawn Terrace Homebuyer Assistance Program cannot exceed \$15,000 unless additional funds are approved by the HRA Executive Director.

Modification and Termination of Program

The HRA may modify or terminate the Program as it deems appropriate or as required by HUD. Once the HRA has provided financial assistance and the loan is executed, financial assistance shall not be rescinded except as provided for in the executed HRA loan documents.

APPENDIX A

DEFINITIONS

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

Application – The form used to request assistance for the City’s Woodlawn Terrace Homebuyer Assistance funds.

City – The City of Richfield.

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

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

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

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

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

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

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

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

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

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

Housing Ratio - the percentage of income that goes toward housing costs including loan principal and interest, and lot rent dues.

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

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

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

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

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

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

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

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

Program – The City’s Woodlawn Terrace Homebuyer Assistance Program.

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