



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 9/16/2019

Item No.:

Department Approval

Executive Director Approval

Janice Gundlach

Item Description: Consider Options for 196 South McCarrons Boulevard

1 **BACKGROUND**

2 In a closed door session on November 26, 2018 the Roseville Economic Development Authority
3 (REDA) declined two offers from NE Bank (see Attachment A), as well as declined to provide a
4 counteroffer. At that time, Journey Home was still involved and Blake Huffman was the Executive
5 Director. Since that time Journey Home has ceased operations, abandoning several homes and
6 properties they owned. NE Bank, the 1st mortgage holder, is requesting the opportunity to reestablish
7 negotiations with the REDA to try and resolve the recorded Development Agreement (Attachment B)
8 against the property in an effort to clear title in an attempt to sell 196 S. McCarrons (Attachment C).
9 They are requesting the REDA to consider the following 2 options.

- 10 1. Buy NE Bank's 1st mortgage out for \$50,000, paving the way for the REDA to foreclose on the
11 property to clear all other liens.
- 12 2. NE Bank buys out the recorded Development Agreement and the REDA releases the
13 requirements for \$35,000. This paves the way for NE Bank to foreclose on the property to clear
14 all other liens.

15
16 Staff offers the following points in considering whether or not to accept either offer:

- 17 • If the REDA declines both offers, NE Bank has indicated they will foreclose on the property.
18 This action will remove the REDA's 2nd mortgage, but preserve the REDA's desire to provide a
19 home to someone with an area median income between 40-100% (see Exhibit F of the
20 Development Agreement).
- 21 • Under a foreclosure scenario, the abated costs (\$13,314) are preserved.
- 22 • NE Bank's ability to sell the lot after foreclosure will be challenging because the development
23 agreement's intent to create a home for someone at an AMI of 40-100% are in conflict with all
24 the other costs needing to be recouped through a sale.
- 25 • If NE Bank cannot sell, they could opt to not pay the property taxes and allow the tax forfeiture
26 process to begin (there are already delinquent taxes). This would wipe out the development
27 agreement and abatement costs and take 3-4 years to occur. The REDA would not be able to
28 recover any costs under this process, except the abatement costs could be refiled after the tax
29 forfeiture proceedings conclude.
- 30 • Waiting for the tax forfeiture process leaves the property in a state of minimal (or no)
31 maintenance, causing more code enforcement concerns including erosion, tall grass, etc.

32

33 The total amount the REDA has invested in this property associated with acquisition, demolition, and
34 holding costs through the housing replacement program is \$126,370. Additional costs the REDA has
35 incurred for legal expenses brings the total out of pocket cost to \$136,952 (Attachment E). The REDA
36 has cashed the \$10,000 escrow that was deposited upon execution of the Development Agreement,
37 which was to assure performance of Journey Home. If the REDA accepts NE Bank's offer of \$35,000,
38 the REDA can reduce the total estimated amount of loss to \$91,952. The current amount of delinquent
39 taxes is \$2,354.76 and delinquent water is \$551.40 (Attachment F).

40
41 Staff did a rough estimate as it relates to the costs that the bank has identified in their letter along with
42 the proposed payment to the REDA, abatements, utilities and delinquent taxes and this exercise suggests
43 the bank could stand to lose \$91,696 even before they foreclose on the property (Attachment G).

44 45 **BUDGET IMPLICATIONS**

46 The costs associated with the possible options are provided in attachment E.

47 **STAFF RECOMMENDATION**

48 Review and discuss options in Attachment D and provide direction to staff.

49 **REQUESTED REDA BOARD ACTION**

50 Review and discuss options in Attachment D and provide direction to staff.

51 Prepared by: Jeanne Kelsey, Housing Economic Development Program Manager, 651-792-7086

Attachments: A: Previous options provided to the REDA on November 26, 2018
B: Recorded Development Agreement with Journey Home MN
C: Letter from NE Bank
D: Table of proposed current options for the REDA to consider
E: Estimated REDA and City expenses to date
F: Current delinquent taxes
G: Estimate of Banks costs associated with buying the REDA out
H: Map of 196 S. McCarrons Boulevard

Details of 196 S. McCarrons Development Agreement. Givens:

1. EDA has escrow of \$10,000, which is retained in any of these situations.
2. EDA Development Agreement (DA) is in 1st position. Any development of property is controlled by the terms of the DA unless EDA releases it.
3. NE Bank has 1st mortgage in maximum amount of \$249,000, of which \$170,000 has been drawn down. Amount drawn for materials is unknown.
4. Property has been condemned based upon condition. Removal of structure and foundation will be done after November 27. The costs will be abated to property.
5. The lot that is being proposed in NE Bank Option 1 for collateral is identified as green space in the greater shopping center’s planned unit development (PUD) in Burnsville.

	NE Bank Option 1	NE Bank Option 2	NE Bank Option 3	EDA Option # 1	EDA Option #2
Scenario	EDA purchases Bank mortgage at discounted price (\$125,000). The EDA would assume the note and mortgage for repayment plan with Journey Home. EDA takes second mortgage on Burnsville property owned by Journey Home as additional collateral.	NE Bank buys out EDA’s interest in the property for \$20,000 and sells the property. EDA releases DA.	This is no longer an option as the property has been condemned and deemed to be unsalvageable. NE Bank works with a builder to rebuild home and EDA subordinates 2 nd Mortgage to 3 rd position.	If EDA chooses none of the previous options then NE Bank could foreclose on property. This would wipe out 2 nd mortgage that EDA has on property. EDA still would have 1 st position of the DA.	EDA offers NE Bank a lower amount for first mortgage. EDA exercise right of reverter and tries to recoup this amount from redevelopment of both 196 and 210 S. McCarrons.
Pro	<ol style="list-style-type: none"> 1. EDA still in control of lot and type of home to be built at 196 S. McCarrons. 2. Possibility to get repayment of \$115K EDA mortgage and \$125K bank mortgage when Burnsville property is sold/McCarrons home is constructed and sold. 	<ol style="list-style-type: none"> 1. EDA out of deal but has recouped some costs. 	<ol style="list-style-type: none"> 1. New home gets built. 2. EDA still has control over type of home to be built. 	<ol style="list-style-type: none"> 1. Lot is less valuable and marketable for NE Bank to resale. 2. EDA has the leverage for negotiating other alternatives. 3. EDA still has control over type of home to be built. 4. For the DA to be amended or released Bank would need to negotiate with EDA to allow for different type of housing and financial compensation. 	<ol style="list-style-type: none"> 1. Several new homes (possibly townhomes) get built. 2. EDA still has control over type of home built. 3. EDA recoups investment of \$115,000 plus amount paid off to bank through TIF or other subsidy as part of the two property development.
Con	<ol style="list-style-type: none"> 1. No assurance of full repayment of either mortgage. 2. To work with an alternate developer, EDA would have to foreclose on Bank mortgage or exercise right of reverter. 3. Additional administrative oversight of Journey Home repayment. 4. Burnsville land is vacant and zoned green space for PUD. (See appraisal opinion letter). 	<ol style="list-style-type: none"> 1. EDA out \$85,000. 2. No assurance of what will be built on property. 	<ol style="list-style-type: none"> 1. EDA most likely doesn’t recoup anything from the sale of the home. 	<ol style="list-style-type: none"> 1. EDA out \$115,000. 	<ol style="list-style-type: none"> 1. EDA stays in the redevelopment of the properties for longer period of time. 2. To work with an alternate developer, EDA would have to foreclose on Bank mortgage or exercise right of reverter



Doc No **A04683415**

Certified, filed and/or recorded on
Oct 27, 2017 1:23 PM

Office of the County Recorder
Ramsey County, Minnesota
Susan R Roth, County Recorder
Christopher A. Samuel, County Auditor and Treasurer

Deputy 703

Pkg ID 1216638C

Document Recording Fee Abstract	\$46.00
<i>Document Total</i>	\$46.00

PURCHASE AND DEVELOPMENT CONTRACT

Between

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

and

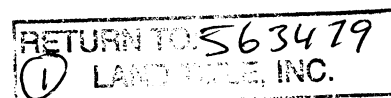
JOURNEY HOME MINNESOTA

for property located at

196 McCarrons Boulevard South, Roseville MN 55113

This Instrument Drafted by:

KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300



PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made and entered into as of this 8th day of May, 2017, by and between the Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (“Authority”) and Journey Home Minnesota, a Minnesota nonprofit corporation (“Developer”).

WITNESSETH:

WHEREAS, the City of Roseville (“City”) and the Housing and Redevelopment Authority in and for the City of Roseville (the “HRA”) have previously created and established a Redevelopment Project (“Project”) pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047 (the “HRA Act”); and

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

WHEREAS, the HRA has transferred the control and administration of the Project to the Authority, which is authorized to exercise the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.090 through 469.1081, as amended (the “Act”); and

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

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

NOW, THEREFORE, in consideration of the mutual covenants and obligations of the Authority and the Developer, each party does hereby represent, covenant and agree with the other as follows:

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

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

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

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

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

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

Guidelines. The Roseville Lot/Sale Replacement Program Overview, approved May 21, 2013 and as it may be amended, attached as Exhibit B to this Agreement.

Homeowner. The individual person or persons purchasing the Property from Developer and who will be living in the home following purchase, and who must meet the requirements of Developer's Journey Home USA Guidelines, which are attached to this Agreement as Exhibit F and incorporated by reference.

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

Letter of Credit. The Letter of Credit or cash escrow required to be provided by the Developer at closing on the Property, pursuant to Section 5.1

Minimum Market Value. ~~\$425,000~~, which is the minimum market value for the land and Improvements as confirmed by the Ramsey County Assessor.

Mortgage. A mortgage granted by a third party lender, or by the Authority, to the Developer in accordance with Sections 3.1 and 7.2 of this Agreement.

Property. The real property legally described as:

The South ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of Section 13, Township 29, Range 23, County of Ramsey, State of Minnesota, except the West 600 feet thereof, and except the South 256.42 feet thereof; and the east 39 Feet of the North 90 feet of the South 256.42 feet of the East ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of said Section 13 and that part of the East ½ of the Southeast ¼ of the Southeast ¼ of said Section 13 lying Southwesterly of the center of McCarrons Boulevard

as now located and Northwesterly of the centerline of a lane running North 79 degrees 35 minutes west from a point on the east line of said Section 13, distant 575.6 feet North of the Southeast corner thereof, lying Northwesterly of a line running Northeasterly from said centerline of lane, at right angles thereto and from a point distant 657.74 feet Northwesterly from its point of beginning on said East line of Section 13.

Located on land having a street address of:

196 McCarrons Boulevard South, Roseville, MN 55113

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

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

- A. Form of Certificate of Completion
- B. Guidelines
- C. Form of Quit Claim Deed
- D. Well Disclosure
- E. Form of Authority Mortgage
- F. Journey Home USA Guidelines

Section 1.3. Rules of Interpretation.

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

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

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

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

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

(a) The Developer has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by action of its board of directors;

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

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

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

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

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

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

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

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

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO DEVELOPER

Section 3.1. Purchase of Property by Developer. The Authority agrees to sell the Property to Developer and the Developer agrees to purchase the Property from the Authority in an "as-is" condition. As provided in the Guidelines, the Developer has paid the Authority an application fee of \$500 for payment of administrative costs related to this Agreement. The Authority agrees to convey the Property to the Developer by Quit Claim Deed in the general form of Exhibit C. The Authority's deed to the Developer will contain the right of reverter required in Section 8.3. The purchase price for the Property will be \$115,000 ("Purchase Price"). There will be no payment of earnest money. The Developer will provide the Authority with a promissory note (the "Note") secured by a Mortgage, both in substantially the form attached hereto as Exhibit E, for the Purchase Price (\$115,000) at Closing. The Authority's Mortgage may be

subordinated to any Mortgage held by a third party lender for the construction of the Improvements on the Property.

Section 3.2. Title and Examination. As soon as reasonably possible after execution of this Agreement by both parties,

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

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

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

Section 3.3. Taxes and Special Assessments. Real estate taxes will be prorated between the Authority and Developer as of the date of closing. The parties agree that there are no special assessments levied against the Property as of the date of this Agreement, and that it is expected that no special assessments will be levied or pending against the Property on the Closing Date. Pending special assessments, if any, will be paid by the Authority.

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

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

Section 3.6. Other Preconditions to Closing. Closing may not take place until the Authority is satisfied that the Development is in all respects in full compliance with the

provisions of the Guidelines contained in Exhibit B. If a Homeowner is identified, it is anticipated that the Developer will involve the Homeowner in the various activities required under the Guidelines so that the Homeowner will have an opportunity to contribute suggestions concerning development of the Property.

Section 3.7. Closing. Closing shall take place on or before July 1, 2017 (“Closing Date”), or such other date as may be agreed to by the Developer and Authority in writing. At Closing, the Developer must comply with the provisions of Section 5.1, in addition to providing the Note and Mortgage for the Purchase Price.

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

Section 3.9. Sewer and Water. Authority warrants that city water is available at the lot line and city sewer is available at the curb.

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

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

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

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

Section 4.2. Construction Plans. No building permit will be issued by the City unless the Building Plans are in conformity with the Guidelines, the Construction Plans, the Developer’s Minimum Market Value, any other requirements contained in this Agreement, and all local, state and federal regulations. The Developer shall provide the Authority with a set of

Building Plans to be used in connection with any application for a building permit. The Authority shall, within 25 days of receipt of the Building Plans, review the same to determine whether the foregoing requirements have been met. If the Authority determines such Building Plans to be deficient, it shall notify the Developer in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive determination that the Building Plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3. Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall commence no later than six months after Closing, and shall be completed no later than one year after the Closing Date (“Construction Completion Date”). All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Developer shall make reports in such detail as may reasonably be requested by the Authority concerning the actual progress of construction. If at any time prior to completion of construction the Authority has cause to believe that the Developer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Developer and demand assurances from the Developer regarding the Developer’s construction schedule. If such assurances are not forthcoming or are deemed by the Authority at its sole discretion to be inadequate, the Authority may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

Section 4.4. Certificate of Completion. After notification by the Developer of completion of construction of the Improvements, the Authority shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. In the event that the Authority is satisfied with the construction, and upon closing on the sale of the Property to the Homeowner, the Authority shall furnish the Developer with a Certificate of Completion in the form attached hereto as Exhibit A. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement, provided that such termination of the agreements and covenants in this Agreement shall not include termination of the Authority’s Note and Mortgage, which will be assigned by the Developer to the Homeowner as provided in Section 6.4. Issuance of the Certificate of Completion shall also serve as a satisfaction of any obligation of Developer secured by the Letter of Credit, and the Letter of Credit will be released to the Developer. At the time a Certificate of Completion is issued, the Authority will also provide Developer with a \$5,000 cash rebate if Developer has obtained certification through LEED for Homes, Minnesota GreenStar, or Minnesota Green Communities.

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

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

ARTICLE V.

REDEVELOPMENT ASSISTANCE

Section 5.1. Issuance of the Letter of Credit. (a) Developer acknowledges that although it is purchasing the Property at its fair market value as raw land, the Authority has incurred significant costs in acquiring and preparing the Property for development by Developer. At Closing, Developer will deliver to the Authority a Letter of Credit in the principal amount of \$10,000 (the "Letter of Credit"). The Letter of Credit will be in a form, contain provisions and be issued by a banking institution acceptable to the Authority. The obligation to pay the \$10,000 will be forgiven, and the Letter of Credit will be released if: (i) the Developer receives a Certificate of Completion; and (ii) the Developer is not otherwise in default of any of its obligations hereunder. If such have not occurred, an Event of Default shall be deemed to have occurred and the Authority may exercise its remedies under Section 8.2.

(b) In the alternative to a Letter of Credit, if mutually agreed by the parties to this Agreement, Developer will deliver to the Authority \$10,000 to be placed in a non-interest bearing escrow account pursuant to an Escrow Agreement, dated as of the date hereof, between Developer and Authority. The obligation to pay the \$10,000 to the Authority will be forgiven, and the cash in the escrow account will be returned to Developer if: (i) the Developer receives a Certificate of Completion; and (ii) the Developer is not otherwise in default of any of its obligations hereunder. If such have not occurred, an Event of Default shall be deemed to have occurred and the Authority may exercise its remedies under Section 8.2.

ARTICLE VI.

FINANCING

Section 6.1. Financing. Authority acknowledges that Developer has submitted evidence of financing for the Improvements in compliance with the provisions of Section 2.1(b) of this Agreement. Developer must notify Authority immediately of any changes to or withdrawal of the approved financing. Authority shall have 10 days to approve or disapprove changes in financing. If the Authority rejects a change in the approved financing or if the approved financing is withdrawn, the Developer shall have 30 days or such additional period of time as the Developer may reasonably require from the date of the Authority's notification to submit evidence of financing satisfactory to the Authority. If the Developer fails to submit such evidence or fails to use due diligence in pursuing financing, the Authority may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder. Closing shall not take place until Developer has provided Authority with acceptable evidence of financing for construction of the Improvements.

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

Section 6.3. Subordination. In order to facilitate obtaining financing for the construction of the Improvements by the Developer, the Authority may, in its sole and exclusive discretion, agree to modify this Agreement in the manner and to the extent the Authority deems reasonable, upon request by the financial institution and the Developer, including subordination of the Authority's Note and Mortgage.

Section 6.4. Assignment of Authority Mortgage to Homeowner. Upon conveyance of the Property and completed Improvements by the Developer to the Homeowner, the Developer shall assign, and the Homeowner shall assume, the Note and Mortgage for the Purchase Price of the Property. Pursuant to the terms of the Note and Mortgage, no payments of principal or interest shall be payable by the Homeowner to the Authority until the date the Property is sold by the Homeowner to a third party not meeting the qualifications for home ownership under the Journey Home USA Guidelines.

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

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

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

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

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

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

ARTICLE VIII.

EVENTS OF DEFAULT

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

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

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

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

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

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

Section 8.2. Remedies on Default. Whenever any Event of Default occurs, the Authority may, in addition to any other remedies or rights given the Authority under this

Agreement, take any one or more of the following actions following written notice by the Authority to the Developer as provided in Section 9.3 of this Agreement:

- (a) Suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the Authority, that the Developer will cure its default and continue its performance under this Agreement;
- (b) Cancel or rescind this Agreement;
- (c) Exercise its right under Section 8.3;
- (d) Draw the full amount of the Letter of Credit or withdraw all funds in the escrow account established in Section 5.1;
- (e) Withhold the Certificate of Completion; or
- (f) Take whatever action at law or in equity may appear necessary or desirable to the Authority to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement; provided, however, that any exercise by the Authority of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any Mortgage authorized by this Agreement and (b) any rights or interest provided in this Agreement for the protection of the holders of a Mortgage; and provided further that should any holder of a Mortgage succeed by foreclosure of the Mortgage or deed in lieu thereof to the Developer's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the obligations of the Developer under this Agreement to the extent that the same have not therefore been performed by the Developer.

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

- (a) The Developer fails to begin construction of the Improvements in conformity with this Agreement, and such failure is not due to Unavoidable Delays;
- (b) The Developer, after commencement of the construction of the Improvements, defaults in or violates obligations with respect to the construction of the Improvements, including the nature and the date for the completion thereof, or abandons or substantially suspends construction work, and such act or actions is not due to Unavoidable Delays;
- (c) The Developer or successor in interest fails to pay real estate taxes or assessments on the Property or any part thereof when due, or places thereon any encumbrance or lien unauthorized by this Agreement, or suffers any levy or attachment to be made, or any supplier's or mechanic's lien, or any other unauthorized encumbrance or lien to attach;

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

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

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

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

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

ARTICLE IX.

ADDITIONAL PROVISIONS

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

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

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

(a) As to the Authority:

Roseville Economic Development Authority
Attn: Housing and Economic Development Program Manager
2660 Civic Center Drive
Roseville, MN 55113

(b) As to the Developer:

Journey Home Minnesota

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

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

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

Section 9.6. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

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

[signature pages follow]

Authority Signature Page to Purchase and Development Contract

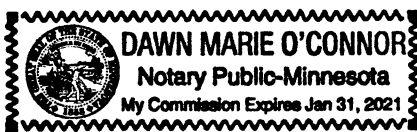
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

By [Signature]
Its President

By [Signature]
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

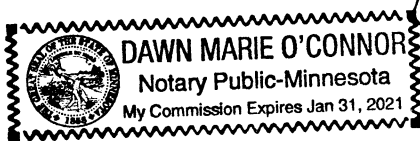
The foregoing instrument was acknowledged before me this 9th day of May, 2017, by Dan Roe, the President of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.



[Signature]
Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 10th day of May, 2017, by Patrick Trudgeon, the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.



[Signature]
Notary Public

EXHIBIT B

PROGRAM GUIDELINES – LOT SALE PROGRAM



Roseville Lot/Sale Replacement Program

Program Overview

Program Objectives

- To remove substandard, functionally obsolete housing on scattered sites throughout the City and replace with new, higher-valued, sustainable housing.
- To eliminate the influence of blight of substandard housing, thus improving residential neighborhoods.
- To facilitate the construction of larger (3+ bedrooms/2+ bathrooms/2-car garage) owner-occupied homes that complement the neighborhood and are designed to expand family opportunities or serve elderly residents.

These objectives will be achieved by the RHRA purchasing and razing substandard homes and selling the lot to a licensed builder or individual for the construction of a single-family, owner-occupied home. **This document is meant to guide program administration and should not be interpreted as constituting any contractual agreement or liability by the Roseville Housing and Redevelopment Authority (RHRA). The RHRA may modify or divert from the guidelines when it deems appropriate.*

Program Basics

- RHRA publishes a list of available vacant lots for purchase including sale price and development criteria.
- A builder with an identified buyer, a buyer with an identified builder, or a builder without an identified buyer proposes a plan consistent with development criteria/program requirements and offers to purchase the lot.
- RHRA Board holds a public hearing to collect public comment then approves or rejects lot sale.
- When HRA approves a lot sale, the lot is sold to Potential Homeowner or Builder/Developer.
- Project must be 100% complete within one year after closing.

Builder Requirements

- Must be a licensed contractor.
- Must demonstrate financial capabilities by providing:
 - a) A statement from a financial institution of sufficient construction capital to complete the project.
 - b) Proof of Builder's Comprehensive General Liability with Property Damage Protection and proof of sufficient worker's compensation insurance coverage by the Builder.
 - c) Written warranty to be provided to the Buyer, which guarantees at minimum, warranted repairs as required by Minnesota State Statute.
- Must provide references from
 - a) 5 satisfied customers
 - b) Building inspectors from 2 cities where Builder has constructed new housing within the past 3 years
- Provide an inventory of all homes currently under construction.

Housing Design and Site Criteria

- Home design must comply with all federal, state, and local building codes.
- Construction on the home must commence within six months after closing. The project must be 100% complete one year after closing.
- All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
- Home shall be single-family and owner-occupied.
- A minimum of three bedrooms is required. A fourth bedroom or a den is preferred; two full bathrooms are preferred. A home design with 1½ baths will be considered.
- A two-car garage with a paved, hard surface driveway is required.
- Exterior materials (siding, soffit, doors and windows) should be low maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding materials are not acceptable. Roof valleys must have metal valleys and not be woven.
- A full basement shall be provided unless the selected design results in a split-level or walkout basement.
- All air conditioning units must be located in the rear yard of the house.
- Utility meters shall be screened from street view, and the meter locations identified on the plans.
- Unit height and mass of new home shall be compatible with the scale of the surrounding neighborhood. The house building lines, variable roof lines, door and window placement used to minimize wall mass, and house orientation to street must present a balanced and pleasing view from all sides.
- The dominance of the garage door must be minimized through placement, architectural detail, door design and/or utilization and design of windows and must adhere to City Code Chapter 1004.05(A). Garage sidewalls facing the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the rest of the dwelling.
- The entire grounds shall be landscaped to be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
- A Tree Preservation Plan (City Code Chapter 1011.04) should be completed and existing trees shall be preserved when possible. Care should also be taken to preserve existing root systems. Construction fencing around root system must be provided on trees directly adjacent to active grading and construction areas.
- Site drainage shall be accommodated on the site so that water is directed away from the new home and the neighborhood properties. The builder must comply with any federal, state or local drainage requirements. Construction of the finished structure must not have a detrimental impact on storm water drainage patterns on the adjoining properties. Roof gutters will be required.

Housing Design and Site Criteria (continued)

- Soil condition should be verified to assure that the quality of the soil can handle the new constructed home. If modifications are required, proper documentation must be submitted.
- The neighboring property and adjacent public streets shall be kept free of construction debris at all times. The construction site shall be maintained so it does not become a nuisance. Under no circumstance during the construction period shall construction workers, construction equipment, or construction materials enter, disturb, or damage neighboring properties.
- The property shall have a new sanitary service line installed to the City sanitary sewer main consisting of schedule 40 PVC or equivalent. A new PVC wye must be installed at the main. If there is an existing 4" or 6" sewer stub at the property line, it must be lined with 4" schedule 40 PVC or equivalent to the City's sanitary main including through the existing wye. If the stub was tapped into the City main, a PVC wye must be cut into the main and reconnected to the service line. The lining work must be verified with a follow up televising supplied to the City.
- The new home that is constructed must have Green Communities Concepts. Any concepts that will be included must be explained in a written plan submitted with the application. A \$5,000 rebate will be provided to projects that obtain certification through LEED for Homes, Minnesota GreenStar or Minnesota Green Communities. Priorities for Green Communities Concept include the following:
 - a) Protect and conserve water and soil. To reduce water consumption, consider the use of water conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
 - b) Minimize energy consumption. Reduce energy consumption by taking advantage of natural heating, cooling, and day lighting, and by using energy-efficient appliances, equipment, and lighting.
 - c) Enhance indoor environmental quality. Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
 - d) Use environmentally preferable materials and resources. Use locally-produced, salvaged, and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
 - e) Reduce waste. Reduce and manage wastes generated during the construction process and operation of buildings. Sort and recycle leftover materials and debris.

APPLICATION PROCESS

1. **Interested Applicant** (*a builder with an identified buyer OR a buyer with an identified builder OR a builder without an identified buyer*) **contacts HRA Staff to receive information about the process and criteria.**
2. **The Applicant submits a Preliminary Application, which is reviewed by HRA Staff for suitability then forwarded to the HRA Board. The Preliminary Application includes the following:**
 - Application Form & \$500 Fee (*to be returned if application is not approved by HRA Board*)
 - Copy of signed contract or letter of intent between Builder and Homeowner (*if applicable*)
 - Proposed lot
 - Description of Green Community features and certification program (*projects with LEED, MN GreenStar, or MN Green Communities certification may receive a \$5000 rebate from the City*)
 - Name and experience of builder
 - Preliminary house plans including elevations, number of bedrooms, baths, garage stalls; square footage; materials; expected market value, and any unique features of the proposed house
 - Plan for identifying a buyer (applies only to Applicants without an identified buyer)
3. **Preliminary Application is given to HRA Staff in a prearranged meeting to ensure Application is ready for review.**
 - The Preliminary Application will be reviewed within 5 working days by HRA Staff. Concerns that arise during the review will be discussed with the Applicant. HRA Staff has the sole discretion to reject or accept an application. If more than 1 application is submitted for the same lot during the five-working-day review period, both applications will be reviewed and the application that best meets the program guidelines will be selected. The rejected application and fee will be returned.
 - If the Preliminary Application is accepted, it will be placed on the HRA's agenda to be reviewed for approval. A public hearing will also be scheduled regarding the sale of the property.
 - If the Preliminary Application is rejected, the Applicant receives the application and fee back.
4. **Once the HRA Staff accepts a Preliminary Application, the HRA Board will hold a public hearing at its next regular meeting to consider the sale of the property where the house will be built.**
 - If the HRA approves the sale of the property, they will then review and take action on the application. If the proposal is by a builder without an identified buyer, the builder must attend the HRA meeting to present the proposal. If approved, the HRA extends a Contract for Private Development to the Builder/Applicant. The contract is a standard form that includes conditions for acquisition and development of the property. The Contract will also establish a minimum required end-value for the property based on construction estimates provided by the Applicant. The Builder or Buyer is expected to agree to the Contract terms prior to the closing.
 - If the HRA rejects the Preliminary Application, the Applicant receives the application and fee back
5. **Upon HRA approval of a Preliminary Application, Applicant will be asked to submit a Final Application.**
 - The lot will be reserved for 30 calendar days; no additional applications will be accepted for the proposed lot while a Final Application is being prepared. Applicants using an architect, HRA may grant additional development time.
6. **When all Final Application documents have been received, the HRA Staff will do a Final review.**
 - The Final Application review will occur within 5 working days and will ensure that the project conforms to all Housing Design and Site Development Requirements.

- 7. Upon approval of the application by the HRA, a closing will be scheduled.**
 - The HRA will prepare all required statements, affidavits, documents, and general release forms.
 - The Builder applies for a building permit prior to closing. The Builder is responsible for acquiring the necessary building permits with the City of Roseville Building Inspections Division. If changes to the plans are required by the Building Inspections Division, the Applicant must notify HRA staff.
 - At closing, Builder provides a Letter of Credit or cash escrow for \$10,000 to the HRA from a financial institution located in the Twin Cities Metro. The cash escrow will be held in a non-interest bearing account. The Letter of Credit or cash escrow will be released once the construction and landscape work are completed and a final Certificate of Occupancy is issued.
 - The Applicant provides evidence to HRA staff that all requirements to proceed with construction as determined in the Contract for Private Development have been met.
 - The HRA conveys the property to the Builder/Homeowner or Builder/Developer by Quit Claim Deed. The site will be sold at the fair market value as it appears on the Lot List.

- 8. Project is completed within one year of the closing.**
 - Certificate of Completion must be presented to HRA to release the Contract for Private Development obligations.
 - If the Builder fails to complete construction as approved by the HRA, the Letter of Credit or cash escrow may be drawn upon by the HRA. In addition, the Contract for Private Development will contain a revert provision, which will enable the HRA to reclaim ownership of the property in the event of default in the Contract.

Preliminary Application			
Complete	Incomplete	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Application Form
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$500 Application fee
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Copy of signed contract or letter of intent between Builder and Homeowner
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proposed lot
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Preliminary house plans, including elevations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Description of Green Community features & name of certification program. <i>Projects that obtain LEED, MN GreenStar, or Minnesota Green Communities certification will receive a \$5,000 rebate from the City.</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Name and experience of builder
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Number of bedrooms, baths, & garage stalls; square footage; materials; value
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Any unique features of the proposed house
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Plan for identifying a buyer (<i>applies only to Builders without identified buyer</i>)
Final Application Documents			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Floor Plans (three 11" x 17" copies to scale)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Elevations (three 11" x 17" copies to scale)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Site plan (three 11" x 17" copies to scale)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Landscaping plan (three 11" x 17" copies to scale)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	List of materials
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Construction timeline
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Signed contract between Builder and end-buyer
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Financial Capability Statement</p> <p><i>Homeowners:</i> A statement from a financial institution indicating willingness to provide construction and/or permanent financing.</p> <p><i>Builders:</i> A statement from a financial institution indicating a willingness to provide sufficient construction capital to complete the project.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Builder References</p> <ul style="list-style-type: none"> o 5 satisfied customers o Building inspectors from two cities where the Builder has constructed new housing within the past 3 years o Previous positive experience working with the Roseville HRA (if applicable) o Builder/Developer Only: Inventory of all homes currently under construction
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proof of Builder's Comprehensive General Liability with Property Damage Protection and proof of sufficient worker's compensation insurance coverage by Builder
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proof of sufficient worker's compensation insurance coverage by the Builder
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Written warranty program (to be shared with the Buyer, which guarantees, at a minimum, warranted repairs as required by Minnesota State Statute)

EXHIBIT C

QUIT CLAIM DEED

STATE DEED TAX DUE HEREON: \$ _____

Date: _____

FOR VALUABLE CONSIDERATION, Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby conveys and quit claims to Journey Home Minnesota, a nonprofit corporation under the laws of the State of Minnesota, Grantee, real property in Ramsey County, Minnesota, described as follows:

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

This deed is subject to that certain Purchase and Development Contract between Grantor and Grantee, dated __, 2017 (the "Contract"), recorded __, 20__, in the office of the Ramsey County **Recorder/Registrar of Titles** as Document No. _____. The Contract provides that the Grantee's rights and interest in the real property described above are subject to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of the Grantor's right to re-enter and revest upon issuance of a Certificate of Completion as defined in the Agreement.

(if more space is needed, continue on back)

together with all hereditaments and appurtenances.

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

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

Affix Deed Tax Stamp Here

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF RAMSEY

The foregoing was acknowledged before me this ____ day of _____, 20__, by _____, the Chairperson of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the corporation, Grantor.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

STATE OF MINNESOTA

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

} ss.

COUNTY OF RAMSEY

The foregoing was acknowledged before me this _____ day of _____, 20__, by _____, the Executive Director, of Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the corporation, Grantor.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

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

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

This instrument drafted by:

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

EXHIBIT D

WELL DISCLOSURE

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

EXHIBIT E

Form of Promissory Note and Mortgage

EXHIBIT F
JOURNEY HOME USA GUIDELINES

EXHIBIT F

JOURNEY HOME USA GUIDELINES

- **Must have lived in Minnesota for at least the past one-year**
- **Must acknowledge and agree to be a good partner with Journey Home USA**
- **Earn 40%-100% Area Median Income**
- **Ability to pay up to 30% Income**
- **Perfect credit is not required. Coaching to reach your financial goals and meet underwriting criteria for ownership can be arranged.**
- **Income sources can include: employment, public assistance of cash, social security, disability etc.**
- **Criminal Background checks will be completed and reviewed for compatibility.**

FIRST AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT

This Amendment is made as of July 10, 2017, by and between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority") and Journey Home Minnesota, a Minnesota nonprofit corporation (the "Developer").

WHEREAS, the Authority and the Developer entered into that certain Purchase and Development Contract dated as of May 8, 2017 (the "Agreement") providing, among other things, for the construction of certain improvements (the "Improvements") on the property legally described within the Agreement (the "Property"); and

WHEREAS, due to unanticipated delays experienced by the Developer in the construction process for the Improvements, the parties have determined to extend the date of closing for the Property and construction of the Improvements.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

1. Amendment to Section 3.7 of the Agreement. Section 3.7 of the Agreement is amended as follows:

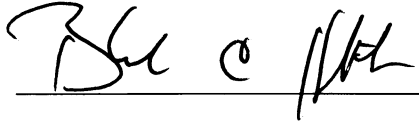
Section 3.7. Closing. Closing shall take place on or before September 1, 2017 (the "Closing Date"), or such other date as may be agreed to by the Developer and Authority in writing. At Closing, the Developer must comply with the provisions of Section 5.1, in addition to providing the Note and Mortgage for the Purchase Price.

2. Miscellaneous. Except as amended by this Amendment, the Agreement shall remain in full force and effect.

(Remainder of this page intentionally left blank.)

Dated this 10th day of July, 2017.

DEVELOPER:
JOURNEY HOME MINNESOTA



AUTHORITY:
ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

By: 

Its President

By: 

Its Executive Director

THIS DOCUMENT DRAFTED BY:

Kennedy & Graven, Chartered
470 US Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300



Strength of a Leader. Hand of a Friend.

August 30, 2019

1135 Silver Lake Road NW
New Brighton, MN 55112
Tel. 651-529-1460
Fax. 651-529-1680

City of Roseville Economic Development Authority
Attn: Patrick Trudgeon
2660 Civic Center Drive
Roseville, MN 55113

Re: 196 South McCarron's Blvd – Journey Homes Property

Dear Mr. Trudgeon:

Thank you for your consideration and willingness for additional dialog regarding the above referenced property. Northeast Bank is prepared to make a formal offer to purchase the Roseville EDA's interest or to sell the bank's position in the subject property.

Northeast Bank is an independent and family owned community bank, serving the business community via our locations in Minneapolis, Coon Rapids, and New Brighton. Our business is built on long-term relationships with customers, employees, and the communities we serve, a tradition that dates back to our founding in 1947.

When Journey Home was originally introduced to the Bank, the non-profit had a positive track record and several successful projects under their belt. We were thrilled with the organization's mission of providing access to affordable homes in safe neighborhoods for struggling populations, including our Veteran community. Our early projects were successful; however, the circumstances changed and so did the fate of the Roseville project.

Northeast Bank originally closed a construction loan of \$249,400 on the subject property on October 27, 2017. Bank financing was done in partnership with the City of Roseville Economic Development Authority via a Purchase & Development Contract, that carried a \$115,000 subordinated note and mortgage. Journey Home failed to complete the construction project and the City of Roseville issued a notice of default on October 29, 2018. During the fall of 2018, the bank and city staff met several times to discuss options of how to move forward. Northeast Bank made a verbal offer (3 options) that city staff presented to the EDA at a closed door session November 26, 2018. The EDA chose not to accept any of the options presented by Northeast Bank.

During 2019 Journey Home has defaulted on numerous loans and agreements with banks, municipalities and counties. The founding Executive Director stepped down by March 2019 and an interim director took on the task of liquidating assets of the non-profit. The interim director has subsequently ceased acting as an agent for Journey Home, with the entity shutting down and abandoned several homes throughout the Twin Cities.

Northeast Bank's loan on 196 South McCarron Blvd has a current principal balance of \$155,476.43. Since the fall 2018, Northeast Bank has worked collaboratively with other government agencies to negotiate reasonable transitional outcomes and solutions on other projects involving Journey Home. Our goal is to do the same with the City of Roseville. We would encourage you to contact Carolyn Olson, President of Greater Metropolitan Housing Corporation, as a reference on how Northeast Bank has worked cooperatively through similar complex situations related to Journey Home.

We would like to offer the following two options for your consideration:

- 1) Northeast Bank to release or assign our mortgage to City of Roseville on the 196 South McCarron Blvd property in exchange for \$50,000.
- 2) Northeast Bank to purchase the City of Roseville's interest in the 196 South McCarron Blvd property for \$35,000. The EDA would need to release its mortgage and development agreement as part of any agreement.

The bank's goal is simple, to net approximately \$50,000 against our outstanding balance, whether we end up taking title via foreclosure or purchased out of our position. We have reviewed costs to our desired end, which include demolition costs (now assessments), selling and other costs, foreclosure stigma on anticipated market value, to the best of our ability, resulting in the details of the options outlined. We are committed to cooperation and want to find a resolution that works for the City of Roseville and Northeast Bank.

We share with you the disappointment in Journey Home not delivering on their mission in providing a veteran a new home. We appreciate the opportunity to work together to find a solution on the Journey Home project in Roseville, a path to move forward and improve an abandoned property. We would entertain any feedback you have regarding this offer and would appreciate a response by September 17, 2019.

Please feel free to contact me with any questions, concerns, or acceptance. My direct dial line is (651) 529-1461.

Sincerely,



Michael Scholl
Senior Vice President
Northeast Bank

Details Regarding Development Agreement Options for 196 South McCarrons Boulevard

When considering the options and scenarios detailed below, please note the following:

1. The REDA Development Agreement (DA) is in first position. Any development of the property is controlled by the terms of the DA unless the REDA releases it or amends it to remove the restrictions (i.e.Exhibit F).
2. The REDA has cashed the escrow of \$10,000. (See attached spreadsheet for total out-of-pocket expenses)
3. NE Bank has first mortgage in maximum amount of \$249,400, of which \$155,476.43 has been drawn down.
4. The property has been vacant since removal of the structure on November 27, 2018. The removal costs have been abated to property.
5. Mechanics liens have been filed against the property. Foreclosure proceedings by NE Bank or the REDA is the only way to clear said liens from the property title.

	NE Bank Option 1	NE Bank Option 2	Foreclosure	Tax Forfeiture
Scenario	<p>REDA purchases NE Bank mortgage at discounted price of \$50,000.</p> <p>(Previous offer from NE Bank proposed a price of \$125,000).</p> <p>There are mechanics lien on the property and the EDA would need to foreclose after the bank.</p>	<p>NE Bank buys out EDA's interest in the property for \$35,000 and sells the property. REDA releases DA.</p> <p>(Previous offer from NE Bank proposed \$20,000).</p>	<p>REDA does not agree or does not negotiate with NE Bank then NE Bank has indicated it will foreclose on the property regardless as the bank would like to clear title to the property from all liens.</p>	<p>NE Bank indicates it will not be paying any of the property taxes after the foreclosure proceedings. If the bank is not able to sell property, the taxes will continue to be delinquent.</p> <p>The current balance for unpaid property taxes is \$2,354.76.</p>
Pro	<p>1. REDA still in control of lot and type of home to be built on the property.</p>	<p>1. REDA out of deal but has recouped some costs.</p>	<p>1. The REDA remains in first position with the recorded development agreement.</p>	
Con	<p>1. There is no assurance of full repayment of the additional \$50,000. REDA would be investing an additional \$50,000 to the \$150,266 currently out by the City and REDA.</p> <p>2. To work with an alternate developer, REDA would have to foreclose on NE Bank mortgage or exercise right of reverter.</p>	<p>1. REDA out \$91,952.</p> <p>2. No assurance of what will be built on property.</p>	<p>1. Foreclosure by the bank could potentially eliminate any possibility of recovering the \$35,000, which means the REDA is out \$126,952 on this property.</p>	<p>1. A tax forfeiture would wipe out the first position of the REDA Development Agreement and all of the abatements. (The City may recover unpaid utilities from the sale of property in the future and may also re-abate the property.)</p>

Costs Associated with Buying 196 S. McCarrons through the Housing Replacement Program

Home Acquisition	\$101,038	
Appraisals	\$1,000	
Legal-closing, contracts, amendments to agreements	\$ 8,984	
Demolition	\$ 12,650	
Holding costs of Utilities/Maintenance/Taxes	\$ 2,699	
Total	\$126,370	
Appraised Value Vacant Lot - 2nd Mortgage Amount		\$115,000

Costs Associated with Journey Home Acquisition after Closing

Costs Associated with buying, holding prior to Journey Home	\$126,370
Legal related to nonperformance	\$10,582
Total REDA funds expended to date	\$136,952

Abatement-demolition, maintenance to be certified	\$13,314
---	----------

Recovery of Costs

Abatement payment on property	\$13,314*	
Escrow deposit secured against nonperformance		\$10,000
Proposed NE Bank payment for release of Development Agreement		<u>\$35,000</u>
Total		\$45,000

Total out of EDA pocket	\$ 91,952
--------------------------------	------------------

***Ability to recover is uncertain**

Pay Property Tax

[Pay Property Taxes](#)

Summary View

Taxpayers

Please refer to disclaimer at bottom of this page

Type	Name	Address
Owner	Journey Home Minnesota	855 Village Center Dr # 319 Saint Paul MN 55127-3016

Current Tax Year

*Information listed is as of yesterday. For specific payoff information contact [Property Tax Info](#) at 651-266-2000

First Half Due 05-15-2019		Second Half Due 10-15-2019	
Amount Due	\$1,116.00	Amount Due	\$1,116.00
Penalty & Fees (thru current month)	\$122.76	Penalty & Fees (thru current month)	\$0.00
Sub Total	\$1,238.76	Sub Total	\$1,116.00
Payments Made	\$0.00	Payments Made	\$0.00
Balance Due	\$1,238.76	Balance Due	\$1,116.00
Total Due	\$2,354.76		

Tax Summary

Columns

	2019 Payable	2018 Payable	2017 Payable	2016 Payable	2015 Payable
Estimated Market Value	\$118,900	\$166,300	\$151,200	\$135,300	\$138,200
Taxable Market Value	\$118,900	\$0	\$151,200	\$110,200	\$113,400
Net Tax Amount	\$2,232.00	\$0.00	\$2,164.00	\$1,722.00	\$1,804.00
+ Special Assessments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
= Total Taxes	\$2,232.00	\$0.00	\$2,164.00	\$1,722.00	\$1,804.00
+ Penalty	\$122.76	\$0.00	\$86.56	\$0.00	\$0.00
+ Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
+ Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
- Amount Paid	\$0.00	\$0.00	\$2,250.56	\$1,722.00	\$1,804.00
= Outstanding Balance	\$2,354.76	\$0.00	\$0.00	\$0.00	\$0.00

Special Assessments

Note: + sign indicates a multiple year assessment. Click on the + to view additional years.

Assess #	Year	Description	Initial Amount	Principal	Interest	Installment Amount	Remaining Balance	Deferred
+ S-79200035A	2020	First Quarter Delinquent Water	\$422.58	\$422.58	\$0.00	\$422.58	\$422.58	No
+ S-79200035B	2020	Second Quarter Delinquent Water	\$128.82	\$128.82	\$0.00	\$128.82	\$128.82	No

Note: Installment amount is the amount that will be included in the property tax total for the referenced payable year. Remaining Balance is the amount eligible for prepayment. Prepayment must be paid in full by November 15th of the current year. Please call the City of Saint Paul General Assessment line for payoff amounts or additional information concerning any Saint Paul assessment. You can reach them at 651-266-8858 or go to [Assessment Lookup](#).

Suburban property owners should call 651-266-2000 for detailed assessment information.

Tax Transaction History Columns ▼

Tax Year	Business Date	Effective Date	Transaction Type	Tax Amount	Special Assessment	Penalty	Interest	Fees	Overpayment	Total
2019	2/28/2019		Original Charge	\$2,232.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,232.00
2018	2/28/2018		Original Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2017	11/9/2017	10/16/2017	Payment	(\$1,082.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,082.00)
2017	6/23/2017	6/23/2017	Payment	(\$1,082.00)	\$0.00	(\$86.56)	\$0.00	\$0.00	\$0.00	(\$1,168.56)
2017	2/19/2017		Original Charge	\$2,164.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,164.00

Sales Columns ▼

Date	eCRV #	Sale Price	State Study Recommendation	State Study Reject Reason	Cnty Stdy Rec
2/24/2017	623001	\$100,000	N	03-GOVERNMENT OR EXEMPT PARTY SALE	N
10/27/2017	740075	\$115,000	N	03-GOVERNMENT OR EXEMPT PARTY SALE	N

Pay Property Tax

[Pay Property Taxes](#)

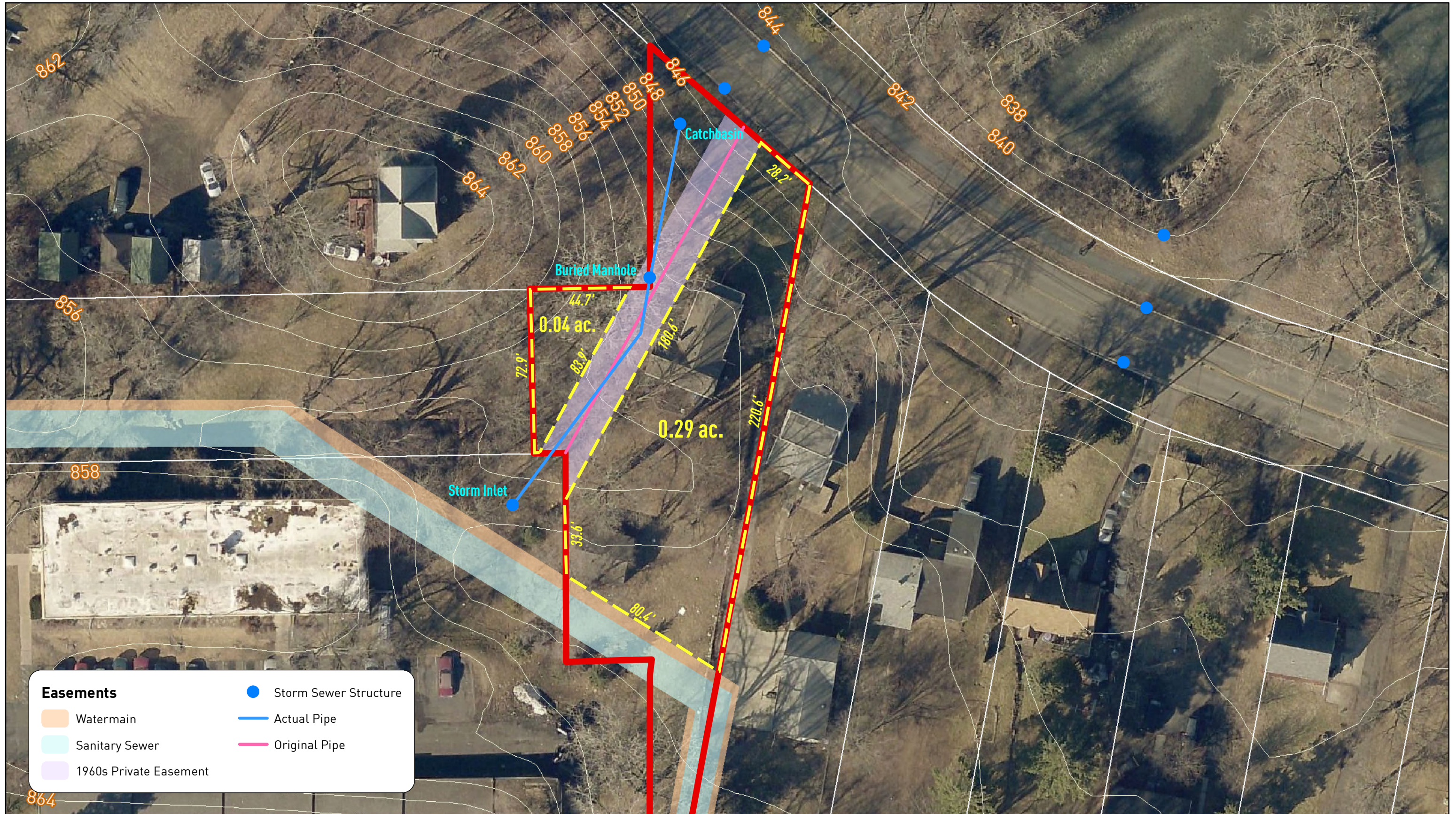
Statements and Notices

- 2019
 - [Value Notice](#)
 - [Tax Statement](#)
 - [Payment Stubs](#)
 - [Proposed Tax Statement](#)

2018

NE Bank loan principal balance	\$155,476
Payment to REDA	\$35,000
Abatments	\$13,314
Taxes and Utility Deliquent	\$ 2,906
Possible total costs for NE Bank	(\$206,696)
Appraised Value of 196 S. McCarrons	\$115,000
Bank Losses	(\$91,696)

Confidential



Date: January 27, 2017

Sources:
Ramsey County (1/4/2017)
Roseville Engineering Dept.

NOTE:
Measurements shown are **NOT** survey-grade,
but done with available data.

196 South McCarrons Blvd

