

Redevelopment Agreement

by and between

Housing and Redevelopment Authority of Edina, Minnesota,

and

Amundson Flats, Limited Partnership

**Dated as of
June 11, 2020**

THIS DOCUMENT WAS DRAFTED BY:
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

Table of Contents

	<u>Page</u>
Article I Recitals; Exhibits, Definitions	2
1.1 Recitals	2
1.2 Exhibits.....	2
1.3 Definitions.....	2
Article II Representations and Warranties	5
2.1 Representations and Warranties of the Authority	5
2.2 Representations and Warranties of Developer	5
Article III Property Transfer; Land Write Down.....	6
3.1 Property Transfer; Land Write Down.....	6
3.2 Assignment Agreement	6
3.3 Conditions Precedent to Closing.....	6
3.4 Right of Reverter.....	7
Article IV Project Requirements	8
4.1 Commencement and Completion of Project.....	8
4.2 Zoning and Land Use Approvals.....	8
4.3 Building and Construction Permits	8
4.4 Restrictions on Development	8
4.5 Demolition Timing	8
4.6 Project Financing.....	8
4.7 Trail Easement.....	9
4.8 Additional Responsibilities of Developer.	9
4.9 Certificate of Completion.....	9
Article V Affordable Housing.....	10
5.1 Use Restriction	10
5.2 Affordable Housing Requirements.....	10
5.3 Restrictive Covenant	12
5.4 Consents and Subordination.....	12
Article VI Encumbrance of the Property	13
6.1 Copy of Notice of Default to Mortgagee and Limited Partner.....	13
6.2 Mortgagee’s and Limited Partner’s Option to Cure Events of Default.....	13
6.3 Rights of a Foreclosing Mortgagee	13
6.4 Events of Default Under Mortgage	14
Article VII Insurance and Indemnification	14
7.1 Insurance	14

7.2	Indemnification	15
Article VIII Other Developer Covenants.....		15
8.1	Future Use of Tax Increments.....	15
8.2	Developer Reimbursement Obligations	15
8.3	Maintenance and Operation of the Project	15
8.4	Condemnation, Damage, or Destruction	16
8.5	Business Subsidy Agreement	16
8.6	Developer/Authority Grant Applications	16
Article IX Transfer Limitations		16
9.1	Representation as to the Project	16
9.2	Limitation on Transfers.....	16
9.3	Collateral Assignment to Mortgage Holder	18
Article X Events of Default and Remedies		18
10.1	Events of Default Defined.....	18
10.2	Developer Events of Default	18
10.3	Authority Events of Default	19
10.4	Cure Rights.....	19
10.5	Authority Remedies on Developer Events of Default	19
10.6	Developer Remedies on Authority Events of Default.....	19
10.7	No Remedy Exclusive.....	20
10.8	No Additional Waiver Implied by One Waiver	20
10.9	Reimbursement of Attorneys' Fees.....	20
Article XI Additional Provisions		20
11.1	Conflicts of Interest.....	20
11.2	Titles of Articles and Sections.....	20
11.3	Notices and Demands.....	20
11.4	Governing Law, Jurisdiction, Venue and Waiver of Trial by Jury	22
11.5	Severability.....	22
11.6	Consents and Approvals.....	22
11.7	Additional Documents.....	22
11.8	Limitation	22
11.9	Authority Approval; Representatives	22
11.10	Superseding Effect	22
11.11	Relationship of Parties.....	22
11.12	Survival of Terms.....	23
11.13	Data Practices Act	23
11.14	No Waiver of Governmental Immunity and Limitations on Liability.....	23
11.15	City and Authority Regulatory Authority	23
11.16	Memorandum of Agreement	23
11.17	Limited Liability	23
11.18	Time is of the Essence.....	23
11.19	Counterparts	24

List of Exhibits

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Form of Assignment Agreement
<u>Exhibit C</u>	Form of Certificate of Completion
<u>Exhibit D</u>	Preliminary Project Budget
<u>Exhibit E</u>	Memorandum of Redevelopment Agreement
<u>Exhibit F</u>	Inclusionary Housing Policy Program Guide
<u>Exhibit G</u>	Form of Project Funding Certificate
<u>Exhibit H</u>	Form of Affordable Housing Restrictive Covenant
<u>Exhibit I</u>	Form of Release of Reverter

Redevelopment Agreement
(Amundson Flats)

This Redevelopment Agreement (this “Agreement”) is made and entered into June 11, 2020 (“Effective Date”), by and between the HOUSING AND REDEVELOPMENT AUTHORITY OF EDINA, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “Authority”) and AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership, (“Developer”).

RECITALS

A. Pursuant to Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1794, inclusive, as amended (the “TIF Act”), the City of Edina, Minnesota, a Minnesota statutory city (the “City”) and the Authority previously established the “Southeast Edina Redevelopment Plan” for the “Southeast Edina Redevelopment Project Area” in order to encourage the development and redevelopment of such designated area within the City, including increasing the availability of affordable housing.

B. To further support the creation of new affordable housing in the City, the Authority and the City secured special modifications to the TIF Act from the Minnesota Legislature, set forth in Minnesota Session Laws 2014, Chapter 308, Article 6, Section 8, as amended by Minnesota Session Laws 2017, First Special Session Chapter 1, Article 6, Sections 11 and 16 and Minnesota Session Laws 2019, First Special Session Chapter 6, Article 7, Section 3 (the “Special TIF Housing Legislation”).

C. In accordance with the Special TIF Housing Legislation, the City and the Authority may create new housing tax increment financing (TIF) districts within the Southeast Edina Redevelopment Project Area and use the new tax increment and/or the tax increment generated from the existing Southdale 2 TIF District to support the creation of new affordable housing in the City.

D. Pursuant to Authority Resolution No. 2019-10, adopted December 12, 2019, and City Council Resolution 2019-116 adopted December 17, 2019 (collectively, the “Authorizing Resolutions”), the Authority and the City adopted a Tax Increment Financing Plan (the “TIF Plan”) for the establishment of the Amundson Avenue Tax Increment Financing District (the “TIF District”), a housing TIF district pursuant to and in conformity with the TIF Act and the Special TIF Housing Legislation.

E. The TIF District encompasses that certain property located at 7075-7079 Amundson Avenue and legally described on the attached Exhibit A (the “Property”).

F. The Edina Housing Foundation (the “Housing Foundation”) is the current fee owner of the Property, having acquired the Property in July of 2018 in order to assist with the creation of a multi-family affordable housing development on the Property.

G. The Housing Foundation, as seller, and MWF Properties, LLC, a Minnesota limited liability company and an affiliate of Developer, as purchaser (“MWF”), are the current parties to that certain Real Estate Purchase Agreement dated January 31, 2019 (the “Purchase Agreement”), pursuant to which MWF has the right to acquire the Property from the Housing Foundation for affordable housing purposes for a purchase price of \$1,300,000.00.

H. MWF has proposed a project to redevelop and improve the Property with a four-story, 62-unit, 100% affordable, “workforce” housing community, known as “Amundson Flats” (as more particularly described in this Agreement, the “Project”).

I. Pursuant to City Council Resolution 2020-27, adopted February 19, 2020, the City approved the final rezoning, final plat, and final development plan for the Project.

J. In order to facilitate the construction of the Project and development of new affordable housing in accordance with the Authorizing Resolutions and the TIF Plan, the Authority is willing to (i) acquire the Property from the Housing Foundation using \$1,300,000.00 of pooled tax increment funds generated from the existing Southdale 2 TIF District, (ii) assume the Purchase Agreement from the Foundation and amend the same to reduce the purchase price to \$600,000.00, (iii) sell and convey the Property to Developer (as successor to MWF) at such reduced purchase price, and (iv) write-down the cost of the Property, all upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties to this Agreement, each of them does hereby covenant and agree with the others as follows:

Article I
Recitals; Exhibits, Definitions

1.1 **Recitals**. The foregoing Recitals are incorporated into this Agreement by this reference, including the definitions set forth therein.

1.2 **Exhibits**. All Exhibits referred to in and attached to this Agreement upon execution are incorporated in and form a part of this Agreement as if fully set forth herein.

1.3 **Definitions**. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

“**Affordable Housing Restrictive Covenant**” has the meaning set forth in **Section 5.3**.

“**Affordable Units**” has the meaning set forth in **Section 5.2(a)**.

“**AMI**” means the Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area (including adjustments for household size), as determined by the U.S. Department of Housing and Urban Development.

“**Authority**” means the Housing and Redevelopment Authority of Edina, Minnesota.

“**Authorized Representative**” means, with respect to the Authority, the Executive Director of the Authority or their designee.

“**Board**” means the Board of Commissioners of the Authority.

“**Certificate of Completion**” means a certificate in substantially the form attached as **Exhibit C**, to be issued by the Authority pursuant to the terms of **Section 4.9**.

“**City**” means the City of Edina, Minnesota.

“**City Approvals**” means, collectively, the PUD Ordinance, the Project Approval Resolution, the Final Development Plan, and the Site Improvement Contract.

“**City Consultants**” means the financial, engineering, legal, TIF eligibility and other similar advisors to the City and the Authority.

“City Council” means the City Council of the City.

“City Parties or City Party” means the City and the Authority, and their respective governing body members and elected officials, officers, employees, agents, independent contractors and attorneys.

“Commencement” means actual physical construction of the first visible improvement to the Property made in furtherance of the construction of the Project, specifically including pouring footings and foundations, but specifically excluding demolition of and environmental remediation related to the improvements on the Property existing of the Effective Date.

“Completion” means Developer’s receipt of the Certificate of Completion from the Authority.

“County” means the County of Hennepin, Minnesota.

“Cure Rights” means the rights to cure a Default as specified in Section 10.4 before such Default is deemed to be an Event of Default.

“Default” means an act or omission by the Authority or Developer that becomes an Event of Default under this Agreement if it is not cured following notice thereof from the other party pursuant to any applicable Cure Rights.

“Developer” means Amundson Flats, Limited Partnership, its permitted successors and/or assigns.

“Effective Date” means the date first set forth above.

“Environmental Law” means any federal, state or local law, rule, regulation, ordinance, or other legal requirement relating to (i) a release or threatened release of any Hazardous Material, (ii) pollution or protection of public health or the environment, or (iii) the manufacture, handling, transport, use, treatment, storage, or disposal of any Hazardous Material.

“Event of Default” means any of the events by the Authority or Developer described in Article X.

“Final Development Plan” means the final development plan for the Project as approved by the City pursuant to the Project Approval Resolution.

“Hazardous Material” means petroleum, asbestos-containing materials, and any substance, waste, pollutant, contaminant or material that is defined as hazardous or toxic in any Environmental Law.

“Law” means federal, state, or local governmental or quasi-governmental laws, ordinances, rules, codes, regulations, directives, orders, and/or requirements, including, without limitation, the TIF Act and the Special TIF Housing Legislation.

“Memorandum of Agreement” means the document described in Section 11.16 and substantially in the form shown in Exhibit E.

“MHFA” means the Minnesota Housing Finance Agency.

“Mortgage” means any mortgage or other security interest in or lien upon any portion of the Property securing any loan made to Developer for the purpose of obtaining funds necessary for Developer’s acquisition of the Property and constructing the Project, as the same may be amended, supplemented, restated or renewed from time to time.

“Policy Guide” has the meaning set forth in Section 5.2(f)(iv).

“Project” means the construction and development of a four-story, 62-unit, 100% affordable, “workforce” housing community, known as “Amundson Flats” on the Property, in accordance with and as the same is more particularly described in the City Approvals.

“Project Approval Resolution” means City Council Resolution No. 2020-27.

“Project Funding Certificate” means the certificate (in the form attached hereto as Exhibit G) required to be delivered by Developer to the Authority in accordance with Section 4.6.

“Property” means the land legally described on the attached Exhibit A.

“PUD Ordinance” means City Ordinance No. 2019-11.

“Related Party” means with respect to any person or entity (i) any other person or entity controlling, controlled by or under common control with such person or entity; or (ii) any other person or entity in which the majority equity interest is owned by the parties that have a majority equity interest in such person or entity.

“Reverter Closing Date” has the meaning set forth in Section 3.4(b).

“Reverter Deed” has the meaning set forth in Section 3.4(b).

“Site Improvement Contract” means that certain Site Improvement Performance Agreement dated February 19, 2020 entered into by and between the City and Developer, and recorded against the Property.

“Special TIF Housing Legislation” has the meaning set forth in Recital B.

“State” means the state of Minnesota.

“Tax Increments” means the tax increments generated from the TIF District and remitted to the Authority pursuant to the TIF Act.

“TIF” means tax increment financing pursuant to the TIF Act and the Special TIF Housing Legislation.

“TIF Act” has the meaning set forth in Recital A.

“TIF District” has the meaning set forth in Recital D.

“TIF Plan” has the meaning set forth in Recital D.

“Unavoidable Delays” means actual delays, outside the control of the party claiming its occurrence, to extent such actual delays are a result of (a) unusually severe or prolonged bad weather, (b) acts of God, acts of war, civil unrest, terrorism, criminal conduct of third parties, fire or other casualty to the Project, global pandemics (including the global pandemic of COVID-19, commonly known as the coronavirus) (c) litigation commenced by third parties, (d) actions or inactions of any federal, State, or local government unit which directly result in delays, including a declared emergency under Minnesota Statutes, Chapter 12 or due to pandemic or quarantine restrictions imposed by applicable Law, and/or (e) strikes, or other labor trouble, and in each instance to the extent the delayed party gives written notice to the other party(ies) within 10 days after either the occurrence of such event giving rise to each Unavoidable Delay or such

party's reasonable realization that the occurrence will cause an Unavoidable Delay.

Article II
Representations and Warranties

2.1 Representations and Warranties of the Authority. The Authority makes the following representations and warranties:

- (a) The Authority is a public body corporate and politic and a governmental subdivision of the State, duly organized and existing under State law and the Authority has the authority to enter into this Agreement and carry out its obligations hereunder.
- (b) The execution, delivery and performance of this Agreement and any other documents or instruments required pursuant to this Agreement by the Authority does not, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof will not, (i) conflict with or constitute on the part of the Authority a breach of or default under any existing agreement or instrument to which the Authority is a party or by which the Authority or any of its property is or may be bound, or (ii) violate any applicable Law, constitution, or other proceeding establishing or relating to the establishment of the Authority or its officers or its resolutions.

2.2 Representations and Warranties of Developer. Developer represents and warrants that:

- (a) Developer is a limited partnership organized and in good standing under the Laws of the state of Minnesota, is not in violation of any provisions of its operating agreement or other organizational documents or the Laws of the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its members.
- (b) The execution and delivery of this Agreement and the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any material terms or conditions of Developer's organizational documents, any restriction or any agreement or instrument to which Developer is now a party or by which it is bound or to which any property of Developer is subject, and do not and will not constitute a default under any of the foregoing or to the best of Developer's knowledge be a violation of any order, decree, statute, rule or regulation of any court or of any state or Federal regulatory body having jurisdiction over Developer or its properties, including its interest in the Project, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of Developer contrary to the terms of any instrument or agreement to which Developer is a party or by which it is bound.
- (c) To the best of Developer's knowledge and belief, the execution and delivery of this Agreement will not create a conflict of interest prohibited by Minnesota Statutes, Section 469.009, as amended.
- (d) The construction of the Project would not have been undertaken by Developer, and in the opinion of Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to Developer provided for in this Agreement.
- (e) Developer shall reasonably cooperate with the City and the Authority with respect to any litigation commenced by third parties with respect to the Project; however, this provision does not obligate Developer to incur costs, except as otherwise provided in this Agreement or elsewhere.

(f) Other than the items disclosed by Developer to the City and the Authority, there are no pending or to the best of Developer's knowledge, threatened legal proceedings, of which Developer has notice, contemplating the liquidation or dissolution of Developer or threatening its existence, or seeking to restrain or enjoin the transactions contemplated by the Agreement, or questioning the authority of Developer to execute and deliver this Agreement or the validity of this Agreement.

(g) Neither Developer nor any Related Party of Developer is currently delinquent in the payment of any business, occupation, sales, use, gross receipts, rental, real and personal property and other similar taxes imposed with respect to any real property owned or leased by any of such parties in the State.

(h) Developer has not received any notice from any local, state or federal official that the activities of Developer or the Authority with respect to the Property may or will be in violation of any Environmental Law, except as has been identified in any report, audit, inspection or survey, undertaken by or provided to the City and the Authority. Developer represents that to the best of Developer's knowledge: (i) it is not aware of any state or federal claim filed or planned to be filed by any party relating to any violation of any local, state or federal Environmental Law, regulation or review procedure, and (ii) it is not aware of any violation of any local, state or federal law, regulation or review procedure which would give any person a valid claim under any Environmental Law, including the Minnesota Environmental Rights Act or the Minnesota Environmental Policy Act.

(i) Developer reasonably expects that it will be able to obtain financing in the amount shown on **Exhibit D**, which amounts will be sufficient, together with funds provided by the Authority and any other public agencies, to enable Developer to construct the Project, as provided herein.

Article III

Property Transfer; Land Write Down

3.1 **Property Transfer; Land Write Down**. In consideration of Developer's fulfillment of its obligations under this Agreement, and subject to and pursuant to the Assignment Agreement (defined below) and the conditions precedent to closing set forth in **Section 3.3**, the Authority agrees to sell the Property to Developer for **\$600,000.00** (the "**Purchase Price**"). Developer acknowledges that the Authority has agreed to acquire the Property for \$1,300,000.00 and, therefore, the Purchase Price represents the Authority's write down of the cost of the Property to Developer (the "**Land Write Down**"), such Land Write Down being provided for the purposes of facilitating the financial feasibility of the Project and the creation of affordable housing in the City.

3.2 **Assignment Agreement**. The purchase, sale, and conveyance of the Property between the Authority and Developer shall occur pursuant to the terms and conditions of the Purchase Agreement, as the same is to be modified by an assignment, assumption, and amendment agreement to be entered by and among the Authority, the Housing Foundation, Developer, and MWF, in substantially the form attached to this Agreement as **Exhibit B** (the "**Assignment Agreement**"). The Assignment Agreement and the documents required thereunder must be executed and delivered all by the parties thereto simultaneously with the closing of the purchase and sale of the Property pursuant to the Purchase Agreement (the "**Land Closing**").

3.3 **Conditions Precedent to Closing**. The Authority shall not be obligated to close on the purchase and sale of the Property pursuant to the Purchase Agreement and Assignment Agreement until the following conditions precedent have been satisfied:

- (a) Developer has executed the Assignment Agreement and any closing deliveries required by the Purchase Agreement and/or the Assignment Agreement.
- (b) Developer has executed the Memorandum of Agreement in accordance with Section 11.16.
- (c) Developer has executed the Trail Easement agreement in accordance with Section 4.7.
- (d) Developer has executed the Affordable Housing Restrictive Covenant required by the Authority in accordance with Section 5.3.
- (e) There has been no Event of Default on the part of Developer that has not been cured pursuant to the Cure Rights.

3.4 Right of Reverter.

(a) Subject to an Unavoidable Delay and Cure Rights, if Developer fails to cause the Commencement of construction of the Project by **June 2nd, 2021**, then the Authority may, in addition to such other rights and remedies that are available to the Authority hereunder, require that the Property be transferred back to the Authority. The Authority may, but shall not be obligated to, cause Developer to reconvey the Property and all improvements thereon to the Authority by giving Developer notice of the Authority's exercise of its right of reverter pursuant to this section. The right of reverter under this section for the Property shall terminate and no longer be of any force and effect upon the Commencement of the Project. The Authority agrees to execute and deliver to Developer a recordable release of its right of reverter, in form attached hereto as **Exhibit I**, upon Commencement of the Project. The Authority will agree to subordinate such right of reverter to any Mortgages securing loans the proceeds of which are used to finance Developer's acquisition of the Property, construction of the Project, or both.

(b) Within 15 days following Developer's receipt of Authority's notice exercising its right of reverter (the "Reverter Closing Date"), Developer will convey fee title to the Property and all improvements thereon to the Authority by deed (the "Reverter Deed"), as follows:

(i) The Authority will pay Developer \$1.00 as consideration for receiving the Reverter Deed;

(ii) Developer will convey the Property and any improvements thereon to the Authority free and clear of all encumbrances other than encumbrances that existed when the Authority conveyed the Property to Developer and easements or other encumbrances which the Authority has previously approved in writing;

(iii) Upon Developer's delivery of the Reverter Deed to the Authority, this Agreement shall terminate, Developer shall have no further rights to the Property or any improvements thereon, and neither the Authority nor Developer will have any rights or obligations under this Agreement other than obligations which, by the express terms of this Agreement, expressly survive a termination of this Agreement;

(iv) On or before the Reverter Closing Date, Developer will execute and deliver to the Authority a Minnesota Uniform Conveyancing Blank Form 50.3.1 Affidavit Regarding Business Entity confirming that there has been no labor or materials provided to the Property since the Authority's conveyance of the Property to Developer for which payment has not been made; and

(v) Developer shall deliver an updated title insurance commitment to the Authority evidencing the status of title to the Property.

Article IV
Project Requirements

4.1 **Commencement and Completion of Project.** Developer shall cause the Commencement of the Project no later than **June 2nd, 2021** and Completion of the Project by no later than **December 1st, 2022**.

4.2 **Zoning and Land Use Approvals.** Nothing in this Agreement shall limit the authority of the City with respect to zoning and land use approvals. Subject to the foregoing, the staff of the Authority shall cooperate with Developer and assist Developer in the processing and obtaining of zoning and land use approvals. Developer shall be responsible for applying for and obtaining all land use and zoning approvals necessary for the Project, including, without limitation, any conditions contained in the City Approvals. All zoning and land use approvals shall be by the City Council or the City Planning Commission in accordance with the ordinances of the City.

4.3 **Building and Construction Permits.** Nothing in this Agreement shall limit the governmental authority of the City with respect to its building and construction permitting process for the Project. Developer shall comply with all applicable City building codes and construction requirements and shall be responsible for obtaining all building permits prior to construction.

4.4 **Restrictions on Development.** Subject to Section 4.3, Developer may not construct or permit construction of any of the Project until Developer satisfies the following conditions:

- (a) Developer satisfies of the conditions set forth in Section 3.3;
- (b) Developer satisfies all of the conditions precedent to construction of the Project established by the City in the City Approvals;
- (c) Developer delivers the Project Funding Certificate to the Authority, and the Authority approves the same in accordance with Section 4.6;

4.5 **Demolition Timing.** Notwithstanding anything to the contrary, following the Land Closing and Developer's satisfaction of the conditions set forth in Section 3.3, and subject to Developer obtaining any necessary permits and approvals under applicable Law, Developer may commence demolition of and/or environmental remediation related to the improvements on the Property existing of the Effective Date. Developer shall complete such work or cause such work to be completed in accordance with applicable Law.

4.6 **Project Financing.** Developer shall certify to the Authority no later than **August 15, 2020**, that all Project funding sources identified in **Exhibit D** (and in amounts in substantial compliance with **Exhibit G** and, in any event, sufficient to complete the Project) have been committed to (or otherwise remain available to) Developer by delivering the Project Funding Certificate to the Authority. Promptly following the Authority's request, Developer agrees to submit to the Authority evidence of commitment(s) for financing which is adequate, in the Authority's reasonable discretion, for the construction of the Project. If the Authority reasonably finds that the financing complies with the terms of this Section 4.6 and is sufficiently committed and adequate in amount, to provide for the construction of the Project, the Authority shall notify Developer in writing of its approval, such approval shall not be unreasonably defined, conditioned, or delayed. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection and Developer shall have 30 days thereafter to submit evidence

of commitment(s) for additional or alternate financing acceptable to the Authority. If Developer fails to submit such commitment(s) for financing acceptable to the Authority within said period of time or any additional period to which the Authority may agree, the Authority may notify Developer of its failure to comply with the requirement of this Section 4.6, such failure being a Default hereunder.

4.7 Trail Easement.

(a) Grant. At the Land Closing, Developer shall grant to the City an easement for trail purposes over the southerly 17 feet of the Property (the "Trail Easement"). The trail easement agreement shall be in the form reasonably required by the City attorney. Neither the City nor the Authority will not pay an acquisition cost to Developer for the Trail Easement. Developer shall, at Developer's sole cost and expense, either cause a licensed surveyor to determine the final, actual legal description of, or cause Developer's architect or engineer to create a reasonably detailed and accurate depiction of the Trail Easement are for the purpose of the granting such Trail Easement. Such legal description and/or depictions will be consistent with the areas and boundaries of the area as described and depicted in the City Approvals and this Agreement. The Trail Easement will also include such temporary construction easements over the Property as are reasonably necessary to construct the Trail Easement improvements.

(b) Trail Improvements. The Authority and Developer acknowledge and agree that the City and/or the Authority shall be responsible for the cost and construction of any Trail Easement improvements; provided, however, if the City and/or the Authority are prepared to commence construction of such improvements during the construction of the Project, Developer shall affirmatively assist and cooperate with such construction at no cost to Developer and no additional cost to the City or the Authority, including, without limitation, obtaining bids and proposals for such work from Developer's contractors, subcontractors, and consultants; managing and coordinating the construction of such work with the construction of the Project; and such other reasonable responsibilities as the City and/or the Authority may request.

4.8 Additional Responsibilities of Developer.

(a) Developer shall cause the Project to be constructed, operated, and maintained in substantial accordance with the terms of this Agreement, the City Approvals, and all applicable Law (including, but not limited to zoning, building code and public health laws and regulations).

(b) Developer shall obtain, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable Law that must be obtained or met before the Project may be lawfully constructed.

(c) Developer shall not construct any building or other structures on, over, or within the boundary lines of any public utility easement unless such construction is provided for in such easement, approved by the utility involved, or approved by the City if no utility is then utilizing the easement area.

(d) Prior to delivery of a Certificate of Completion to Developer, upon the request of the Authority, Developer shall, after reasonable advance notice from the Authority, provide the Authority and the City with reasonable access to the Property to inspect the Project. Prior to delivery of the Certificate of Completion, Developer shall delivery monthly progress reports to the Authority.

4.9 Certificate of Completion. Developer may notify the Authority and request a Certificate of

Completion in accordance with this section. Developer may request a Certificate of Completion for the Project after the City has issued a final certificate of occupancy covering all elements of the Project. Within 30 days after receipt of each such request, the Authority shall either furnish Developer with (a) an appropriate Certificate of Completion or (b) a written statement, indicating in adequate detail in what respects Developer has failed to complete the relevant portion of the Project and what measures or acts will be necessary, in the reasonable opinion of the Authority, for Developer to take or perform in order to obtain such certification. If the Authority issues a written statement in accordance with clause (b) above, Developer shall thereafter take such actions necessary to cure such deficiencies in the applicable Project. After such deficiencies have been cured, Developer shall notify the Authority and the Authority will re-inspect the applicable Project and take one of the actions described in clauses (a) and (b) hereof, and such process will continue until the Authority issues the applicable Certificate of Completion. Issuance of a Certificate of Completion by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of Developer to construct, or cause to be constructed, the Project covered by such Certificate of Completion.

Article V Affordable Housing

5.1 Use Restriction. The Property shall not be used for any purpose other than a multi-family rental housing facility and related activities meeting the requirements set forth in this Article V, without the prior written approval of the City and the Authority during the period commencing on the date hereof and until no earlier than the **40th** anniversary of the date the Certificate of Completion is issued (the “Qualified Project Period”).

5.2 Affordable Housing Requirements. Subject to the terms and conditions of Section 5.4(b) relating to any land use restriction agreement (the “LURA”) encumbering the Property, the covenants and restrictions set forth in this Section 5.2 and contained in the Affordable Housing Restrictive Covenant shall apply during the Qualified Project Period.

(a) Affordable Units. Developer covenants that **100%** of the residential units within the Project (the “Affordable Units”) will be leased at certain rates specified below (inclusive of utilities and mandatory fees) which are considered affordable to certain low- and moderate-income households. The Affordable Units will consist of the following mix of affordability levels:

(i) at least **eight** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 30% of AMI (each a “30% Unit”), four of which will be set aside for High Priority Homeless (the “HPH Units”) and four of which will be set aside for People with Disabilities (the “PWD Units”). If any subsidy or housing support in connection with the HPH Units or PWD Units is withdrawn or otherwise no longer available, the 30% Units shall be reserved for households who have a combined gross annual income which does not exceed 60% of AMI for the HPH Units and 50% of AMI for the PWD Units;

(ii) at least **31** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 60% of AMI (each a “60% Unit”); and

(iii) at least **23** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 70% of AMI (each a “70% Unit”).

Any changes in the affordability levels of the Affordable Units set forth herein shall require the prior written approval of the Authority, which such consent will not be unreasonably conditioned, delayed, or withheld. For avoidance of doubt, it will be deemed reasonable if the Authority withholds its consent to any proposed change in affordability levels that does not comply with applicable Law. Recent federal legislation has introduced an income averaging option for the low-income housing tax credit program. This legislation allows projects to accept residents with higher average median incomes as long as the overall average of the income of tenants in the project does not exceed sixty percent (60%) of the area median income, which provides low income housing projects the ability to serve tenants with a greater range of incomes (“Income Averaging”). MHFA allows Income Averaging for the low income housing tax credit program to be used for the Project. This Agreement requires Developer to cause one hundred percent (100%) of the Affordable Units in the Project to be affordable to families at various levels using Income Averaging, if applicable; provided, however, the overall average of the income of tenants of the Project shall not exceed sixty percent (60%) of the area median income.

(b) Affordable Unit Mix. The Affordable Units shall be distributed among one-bedroom units (which will be no less than **636** square feet in size), two-bedroom units (which will be no less than **892** square feet in size) and three-bedroom units (which will be no less than **1,049** square feet in size). There will be **eight** one-bedroom units, **23** two-bedroom units, and **31** three-bedroom units. Changes in the distribution of Affordable Units set forth herein shall require the prior written approval of the Authority, which such consent will not be unreasonably conditioned, delayed, or withheld.

(c) Qualifying Tenants. Each Affordable Unit shall be leased to and occupied (or held vacant and available for occupancy) for the duration of the Qualified Project Period only by a household who, at initial occupancy, has a combined gross annual income which does not exceed the respective AMI threshold for each type of Affordable Unit (each a “Qualifying Tenant”) (e.g., each 30% Unit may only be leased to and occupied by a Qualifying Tenant whose gross annual income does not exceed 30% of AMI, etc.). Each subsequent tenant of the Affordable Unit must be a Qualifying Tenant.

(d) Rental Rates. Each Affordable Unit shall bear annual rents not greater than the rental rate limits for the applicable Qualifying Tenant (adjusted for bedroom count, and including utilities) as determined and announced from time to time by HUD and as published annually by the MHFA (or any successor agency(ies) administering government affordable housing programs). During the Qualified Project Period, the form of lease to be utilized by Developer in renting Affordable Units will provide that rental rates charged to any tenant of an Affordable Unit cannot be increased more than once in any 12-month period.

(e) Certification of Tenant Eligibility. No tenant household shall be approved by Developer for initial occupancy of an Affordable Unit unless and until Developer has determined (through verification of income, assets, expenses, and deductions) whether such tenant household is a Qualifying Tenant for the applicable Affordable Unit. Each person who is intended to be a Qualifying Tenant will be required at the commencement of the initial lease of an Affordable Unit to sign and deliver to Developer a “Certification of Tenant Eligibility” in a form reasonably approved by the Authority (the “Eligibility Certification”), in which the prospective tenant certifies as to qualifying as an applicable Qualifying Tenant. Eligibility Certifications may be obtained no more than 120 days before a Qualifying Tenant occupies an Affordable Unit. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed reasonably necessary by the Authority to substantiate the Eligibility Certification. Eligibility Certifications will be maintained on file by Developer with respect to each Qualifying Tenant who

resides or resided in an Affordable Unit for a period of 10 years following the end of the Qualified Project Period. Developer must re-examine and verify the income of each tenant household living in an Affordable Unit annually unless, during such year, no Affordable Unit is occupied by a new tenant household whose income exceeds the applicable income limit for Qualifying Tenants. In addition, no re-certification shall be required if a Qualifying Tenant moves to a different Affordable Unit.

(f) Additional Affordable Housing Requirements.

(i) No security deposit shall be required in excess of the amount of one month of rent in connection with any Affordable Unit.

(ii) During the final year of the affordability period, new leases for the Affordable Units must be for a term of no less than six months, and such newly leased Affordable Units will be subject to all the requirements of this Article V until the expiration of such new leases.

(iii) Developer shall affirmatively market the Affordable Units to one or more traditionally underserved populations as affordable at the rates required hereunder.

(iv) The Affordable Units shall be subject to the terms and condition of the City's Inclusionary Housing Policy Program Guide ("Policy Guide"), as the same may be amended from time to time, a current version of which is attached as **Exhibit F**.

(v) Developer shall, upon annual invoicing, reimburse the City (or such subdivision of the City administrating affordable housing requirements) for third-party expenses related to monitoring of Developer's compliance with this Article V and the Affordable Housing Restrictive Covenant (plus any additional costs necessitated by re-inspections for noncompliance) and thereafter be subject to reasonable adjustment from time to time.

5.3 Restrictive Covenant. The requirements of this Article V will be set forth in a separate restrictive covenant in substantially the form attached to this Agreement as **Exhibit H** (the "Affordable Housing Restrictive Covenant") and recorded against the Redevelopment Property.

5.4 Consents and Subordination.

(a) Mortgage Financing. Notwithstanding anything herein to the contrary, the requirements of this Article V and the Affordable Housing Restrictive Covenant, shall not be subordinated or junior to any Mortgage on the Project, and if any Mortgage exists at the time the Affordable Housing Restrictive Covenant is to be recorded, Developer shall cause the mortgagee under such Mortgage to subordinate the Mortgage and the lien thereof to the Affordable Housing Restrictive Covenant.

(b) LIHTC LURA. The Authority acknowledges that the Property will be encumbered by the LURA in connection with low income housing tax credits obtained by Developer for the Project in accordance with Section 42 of the Internal Revenue Code ("LIHTC"), restricting the use of the Property to affordable housing in accordance with LIHTC requirements. The Authority will subordinate and/or modify the requirements of this Article V and the Affordable Housing Restrictive Covenant as reasonably necessary in order to enable Developer to obtain such LIHTC financing. For so long as the LURA encumbers the Property, to the extent of any conflict or inconsistency between the terms of the LURA and the terms of the Affordable Housing Restrictive

Covenant, the terms of the LURA shall prevail and such prevailing terms shall be deemed to modify and replace the applicable terms of the Affordable Housing Restrictive Covenant. If the LURA is terminated prior to the expiration of the Qualified Project Period, then the requirements of this Article V and the Affordable Housing Restrictive Covenant will continue in full force and effect in accordance with their original terms until the expiration of the Qualified Project Period. Other than the LURA, Developer has not and will not without the prior written consent of the Authority, execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof and that, in any event, the requirements of this Declaration are paramount and controlling as to the rights and obligations set forth herein and supersede any other document's provisions in conflict herewith.

Article VI Encumbrance of the Property

6.1 Copy of Notice of Default to Mortgagee and Limited Partner. If the Authority delivers any notice or demand to Developer with respect to any Default under this Agreement, the Authority will also deliver a copy of such notice or demand to the mortgagee of any Mortgage at the address of such mortgagee provided to the Authority in writing. In conformity with this Section 6.1, the Authority shall deliver any notice or demand delivered to Developer's limited partner, U.S. Bancorp Community Development Corporation, a Minnesota corporation, its successors and/or assigns (the "Limited Partner"), Developer's construction lender, U.S. Bank National Association (the "Construction Lender"), and Developer's permanent lender, Bridgewater Bank (the "Permanent Lender") at the addresses set forth in Section 11.3 of this Agreement.

6.2 Mortgagee's and Limited Partner's Option to Cure Events of Default. Upon the occurrence of an Event of Default, the Limited Partner, the Construction Lender, the Permanent Lender or any mortgagee under any Mortgage will have the right at its option, to cure or remedy such Event of Default within the cure periods set forth herein and the Authority shall accept such cure or remedy as though it was made by Developer.

6.3 Rights of a Foreclosing Mortgagee. Any individual or entity who acquires title to all or a portion of the Project through the foreclosure of any Mortgage or deed in lieu of foreclosure remains subject to each of the restrictions set forth in this Agreement and remains subject to all of the obligations of Developer, or any successor in interest to Developer, under the terms of this Agreement, but neither the purchaser at a foreclosure sale, the grantee under a deed in lieu of foreclosure, nor any subsequent transferee from a mortgagee shall have any personal liability for a breach of such obligations under this Agreement so long as:

- (a) the party acquiring title through foreclosure or deed in lieu of foreclosure observes all of the restrictions set forth in the Agreement; and
- (b) the party who acquired title through foreclosure or deed in lieu of foreclosure does not undertake or permit any other party to undertake any Project on the portion of the Property it owns.

The purpose of this section is to permit a foreclosing lender (or mortgagee or purchaser obtaining a deed in lieu of foreclosure or a subsequent transferee) to hold title to the portion of the Property it acquires through foreclosure or deed in lieu of foreclosure, subject to, but without personal liability for the obligations under this Agreement, until it can sell the portion it holds to a third party who will assume the obligations of Developer under the terms of this Agreement and proceed with the construction of the Project pursuant to the terms of this Agreement. If, rather than passively holding title to the portion of the Property it acquires through foreclosure or deed in lieu of foreclosure, the foreclosing lender (or mortgagee obtaining

a deed in lieu of foreclosure or subsequent transferee) or other purchaser at a foreclosure sale desires to construct the Project, the purchaser at the foreclosure sale must assume and perform each of the obligations of Developer, or the applicable successor to the interest of Developer, under this Agreement as to the portion of the Project subject to foreclosure. This section does not restrict the authority of the Authority to pursue its rights under any outstanding security, exercise remedies otherwise available under this Agreement or suspend the performance of the obligations of the Authority or Developer under this Agreement as otherwise allowed. The Authority agrees to reasonably cooperate with any foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale in pursuing the Project in accordance with this Agreement. Unless acting other than passively holding title as described above in this section, a lender or an independent third party that purchases at a foreclosure sale will have no liability for breach under this Agreement.

6.4 Events of Default Under Mortgage. Developer shall use commercially reasonable efforts to obtain an agreement from any mortgagee under a Mortgage that in the event Developer is in default under any Mortgage, the mortgagee will use commercially reasonable efforts, within 30 days after it becomes aware of any such default and prior to exercising any remedy available to it due to such default, to notify the Authority in writing of (a) the fact of default; (b) the elements of default; and (c) the actions required to cure the default. Developer shall use its commercially reasonable efforts to obtain an agreement in any such Mortgage, that if, within the time period required by the Mortgage, the Authority cures any default under the Mortgage, the mortgagee will pursue none of its remedies under the Mortgage based on such default, provided that failure of Developer to obtain such an agreement from any such mortgagee shall not constitute a breach of this Agreement.

Article VII Insurance and Indemnification

7.1 Insurance.

(a) Developer shall obtain and continuously maintain insurance on the Project and, from time to time at the request of the Authority, furnish proof to the Authority that the premiums for such insurance have been paid and the insurance is in effect. The insurance coverage described below is the minimum insurance coverage that Developer must obtain and continuously maintain, provided that Developer shall obtain the insurance described in clause (i) below with respect to the Project prior to the Commencement of construction thereof and is only obligated to maintain the insurance described in clause (i) until Developer receives a Certificate of Completion:

(i) Builder's risk insurance, written on the so-called "Builder's Risk-Completed Value Basis," in an amount equal to 100% of the insurable value of the Project at the date of Completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's/Contractor's Policy naming the Authority, as an additional insured, with limits against bodily injury and property damage of not less than \$5,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used), written on an occurrence basis.

(iii) Workers compensation insurance, for employees of Developer if and to the extent required by Law.

(b) All insurance required in this Article shall be obtained and continuously maintained by responsible insurance companies selected by Developer which are authorized under the laws of the State to assume the risks covered by such policies. If available on commercially reasonable terms, each policy must contain a provision that the insurer will not cancel nor modify the policy without giving written notice to the insured at least 30 days before the cancellation or modification becomes effective. Not less than 15 days prior to the expiration of any policy, Developer must renew the existing policy or replace the policy with another policy conforming to the provisions of this Article. In lieu of separate policies, Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

7.2 Indemnification.

(a) Developer releases and covenants and agrees that the City Parties shall not be liable for and agrees to indemnify and hold harmless the City Parties against any loss or damage to property or any injury to or death of any person occurring at or about, or resulting from any defect in the Project constructed by Developer, except to the extent attributable to the negligence or intentional misconduct of any City Party.

(b) Except to the extent of the negligence or intentional misconduct of any City Party, Developer shall indemnify the City Parties, now and forever, and further agrees to hold the aforesaid harmless from any claims, demands, suits, costs, expenses (including reasonable attorney's fees), actions or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of Developer (or other persons under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project.

Article VIII
Other Developer Covenants

8.1 Future Use of Tax Increments. Developer acknowledges that the Property is part of the TIF District. Developer shall affirmatively assist and cooperate with the City's and the Authority's reasonable requests and requirements for the administration, management, and modifications to the TIF District and TIF Plan. Developer acknowledges and agrees that Developer shall have no right, title, interest, in or to any Tax Increments generated from the Property and/or the Project, and that the Authority may use and apply any such Tax Increment for any purpose for which such Tax Increments may lawfully be used under the TIF Act, the TIF Plan, and pursuant to the provisions of any other applicable Law.

8.2 Developer Reimbursement Obligations. Developer shall pay all reasonably incurred out of pocket costs of the City and the Authority for the City Consultants in connection with the Project, including but not limited to costs of the development and negotiation of this Agreement, the TIF Plan, the creation of the TIF District, the Final Development Plan, the Site Improvement Contract, fiscal analysis, legal fees and all costs and expenses related thereto. Developer shall pay such costs monthly upon presentation of invoices and other documentation of such costs, not more than 30 days after the request for payment is delivered to Developer.

8.3 Maintenance and Operation of the Project. Developer shall, at all times during the term of this Agreement, maintain and operate the Project in a safe and secure way and in compliance with this Agreement and applicable Law. Developer shall pay all of the reasonable and necessary expenses of the operation and maintenance of the Project, including all premiums for insurance insuring against loss or damage thereto and adequate insurance against liability for injury to persons or property arising from the construction of the Project as required pursuant to this Agreement. During construction of the Project,

Developer shall not knowingly cause any person working in or attending the Project for any purpose, or any tenant of the Project, to be exposed to any hazardous or unsafe condition; provided that such party shall not be in Default hereunder if it has required the contractors employed to perform work on the Project to take such precautions as may be available to protect the persons in and around the Project from hazards arising from the work, and has further required each such contractor to obtain and maintain liability insurance protecting against liability to persons for injury arising from the work. The expenses of operation and maintenance of the Project shall be borne solely by Developer.

8.4 Condemnation, Damage, or Destruction. In the event that title to and possession of the Project or any material part thereof shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or other person (except the Authority or the City) or the Project is damaged or destroyed, Developer shall, with reasonable promptness after such taking, notify the Authority as to the nature and extent of such taking. Upon receipt of any condemnation award or insurance proceeds Developer shall elect to either: (a) use the entire condemnation award or insurance proceeds to reconstruct the Project (or, in the event only a part of the Project has been taken, then to reconstruct such part) upon the remaining Property to the extent necessary to maintain and continue operations of Project for its intended purpose; or (b) in the event that the condemnation affects or taking or damage or destruction affects the Property but not the Project improvements thereon, retain, for the account of Developer, all of the condemnation award or insurance proceeds.

8.5 Business Subsidy Agreement. The Authority and Developer agree that the Project is exempt from the requirement for entering into a business subsidy agreement within the meaning of the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J. 995, because the Land Write Down provides assistance for housing within the meaning of Minnesota Statutes, Section 116J.993, subd. 3(7).

8.6 Developer/Authority Grant Applications. Developer and the Authority will cooperate in efforts to obtain available public grant funding to undertake the Project, including but not limited to grants from the Metropolitan Council, Department of Employment and Economic Development, and any other funding from metropolitan, state, county, and federal sources identified by the Authority or Developer as reasonably available. Costs of preparing the grant applications shall be borne by Developer. City staff shall have the final authority to review and submit the grant applications to the applicable agency.

Article IX Transfer Limitations

9.1 Representation as to the Project. Developer represents to the Authority that its undertakings under this Agreement are for the purpose of developing the Project and not for the purpose of speculation in land holding. Developer acknowledges that, in view of the importance of the Project to the general welfare of the City and the Authority, and the substantial financing and other public aids that have been made available by the City and the Authority for the purpose of making such Project possible, the qualifications and identity of Developer are of particular concern to the Authority. Developer further acknowledges that the Authority is willing to enter into this Agreement with Developer because of the qualifications and identity of Developer.

9.2 Limitation on Transfers.

(a) Until the Authority's issuance of the Certificate of Completion, Developer shall not sell, assign, convey, lease or transfer in any other mode or manner any of its right, title, and interest in and to this Agreement, all or any part of the Property or the Project, without the express written approval of the Authority, provided that the consent of the Authority shall not be required for any

of the following:

- (i) granting of a Mortgage in the Property, subject to the terms of Article VI hereof;
- (ii) leasing the Project in the normal course of business in a manner consistent with this Agreement and the City Approvals;
- (iii) A transfer to a Mortgage holder pursuant to Section 9.3; or
- (iv) transfer to a Related Party, provided such Related Party, upon request of the Authority, executes an agreement in a form reasonably approved by the Authority pursuant to which such Related Party assumes and agrees to perform the obligations of Developer under this Agreement.

(b) If the Authority's consent to a transfer is required pursuant to this Section 9.2, the Authority shall be entitled to require, as conditions to its approval of any sale, assignment, conveyance, use or transfer of any rights, title, and interest in and to this Agreement, the Property or the Project that:

- (i) Any proposed transferee shall not be exempt from the payment of real estate taxes and shall have the qualifications and financial responsibility, as determined by the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by Developer;
- (ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records shall, for itself and its successors and assigns, and expressly for the benefit of the Authority have expressly assumed all of the obligations of Developer (or such obligations of Developer as are applicable to the portion of the Project acquired) under this Agreement and agree to be subject to all the conditions and restrictions to which Developer is subject;
- (iii) Developer must submit all instruments and other legal documents involved in effecting transfer to the Authority;
- (iv) Developer and the transferee must comply with such other conditions as the Authority may find desirable in order to achieve and safeguard the purposes of the HRA Act and TIF Act, this Agreement, and the Project; and
- (v) Developer and the transferee must demonstrate, in a manner satisfactory to the Authority, its ability to perform all assumed obligations in this Agreement.

(c) In the absence of specific written agreement by the Authority to the contrary, neither the transfer of the Project, or any portion thereof, prior to the issuance of the Certificate of Completion for the Project or the Authority's consent to such a transfer will relieve Developer of its obligations under this Agreement. Notwithstanding anything in this Agreement to the contrary, the withdrawal, removal, transfer or replacement of the general partner of Developer, Edina Group LLC, a Minnesota limited liability company (the "General Partner"), pursuant to the terms of that certain Amended and Restated Agreement of Limited Partnership of Developer, by and between the Limited Partner and the General Partner, shall be permitted under this Agreement at no cost to Developer and shall not require the prior written consent of the Authority and shall not constitute

an Event of Default under this Agreement; provided, however, that Developer agrees to notify the Authority of any proposed replacement general partner prior to replacement and, upon replacement, shall notify the Authority of the name and contact information of the replacement general partner with reasonable promptness. Further notwithstanding anything in this Agreement to the contrary, the interests of Limited Partner shall be freely transferable to any affiliate(s) of the Limited Partner without the consent or approval of the Authority.

9.3 Collateral Assignment to Mortgage Holder. Developer may collaterally assign Developer's rights and obligations under this Agreement to the holder of a Mortgage only pursuant to collateral assignment agreement in a form reasonably acceptable to the Authority provided that the Authority acknowledges that Developer has collaterally assigned its rights under this Agreement to U.S. Bank National Association ("Construction Lender") pursuant to the mortgage executed by Developer in favor of Construction Lender.

Article X

Events of Default and Remedies

10.1 Events of Default Defined. "Events of Default" under this Agreement include any one or more of the events listed in Sections 10.2 and 10.3.

10.2 Developer Events of Default. The following shall be Events of Default for Developer:

(a) Subject to Unavoidable Delays and Cure Rights, Developer's failure to achieve Commencement and Completion of the Project by the applicable dates set forth in Section 4.1.

(b) Subject to Unavoidable Delays and Cure Rights, Developer shall Default in its obligations with respect to the construction of the Project (including the nature and the date for the completion of the various elements thereof), or shall abandon or substantially suspend construction work on the Project, and any such Default, violation, abandonment or suspension is not cured, ended or remedied within 30 days after written notice to do so or such longer amount of time if previously agreed to by the Board in writing;

(c) there is, in violation of this Agreement, any conveyance, encumbrance or other transfer of the Property or any part thereof, and such violation is not cured within 30 days after written notice to do so;

(d) subject to Unavoidable Delay and Cure Rights, failure by Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, the Trail Easement agreement, or any Affordable Housing Restrictive Covenant, and the continuation of such failure for a period of 30 days after written notice of such failure from any party hereto;

(e) if, prior to the delivery of the Certificate of Completion, Developer shall (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or State law; or (ii) make an assignment for the benefit of its creditors; or (iii) become insolvent or adjudicated a bankrupt; or if a petition or answer proposing the adjudication of Developer, as a bankrupt or its reorganization under any present or future Federal bankruptcy act or any similar Federal or State law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof; or a receiver, trustee or liquidator of Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against

Developer, and shall not be discharged within 90 days after such appointed, or if Developer shall consent to or acquiesce in such appointment.

10.3 Authority Events of Default. Subject to Cure Rights and Unavoidable Delays, the failure of the Authority to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and the continuation of such failure for a period of 30 days after written notice of such failure from any party hereto shall be an Event of Default for the Authority.

10.4 Cure Rights.

(a) If a Default occurs under Section 10.2(a), (b) or (d) or under Section 10.3 which reasonably requires more than 30 days to cure, such Default shall not constitute an Event of Default, provided that the curing of the Default is promptly commenced upon receipt by the defaulting party of the written notice of the Default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that the defaulting party keeps the non-defaulting party well informed at all times of its progress in curing the Default; provided, however in no event shall such additional cure period for any Default extend beyond **90 days.**

(b) Prior to exercise any remedies in connection with an Event of Default, the Authority must first comply with the provisions of this Section 10.4(b). Notwithstanding anything in this Agreement to the contrary, upon receipt of written notice in accordance with Section 6.1 hereof, Limited Partner shall have the right, but not the obligation, to cure any default of Developer hereunder and such cure shall be deemed to have been made by Developer hereunder. Independent of any cure period afforded to Developer, Limited Partner shall 30 days upon receipt of such written notice to effectuate a cure of the Default, or, if said Default cannot reasonably be cured within such time, then Limited Partner shall have an additional period of time thereafter, not to exceed 90 days, to cure the Default so long as Limited Partner is diligently pursuing the same.

10.5 Authority Remedies on Developer Events of Default. Except as otherwise set forth in Section 10.6 below, whenever any Event of Default occurs by Developer, the Authority may take any one or more of the following actions:

- (a) terminate this Agreement;
- (b) suspend performance under this Agreement until it receives assurances from Developer or the holder of any Mortgage, deemed adequate by the Authority, that Developer or the holder of any Mortgage will cure the Event of Default and continue its performance under this Agreement;
- (c) withhold the Certificate of Completion where such Event of Default relates to Completion of the Project or issuance of a Certificate of Completion;
- (d) take whatever action at law or in equity may appear necessary or desirable to the Authority to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement; and
- (e) exercise any remedies normally available at law and in equity to enforce performance of this Agreement, including a right to specific performance.

10.6 Developer Remedies on Authority Events of Default. Whenever any unremedied Event of Default of the Authority occurs, Developer's sole other legal and equitable remedy is an action to compel

performance by the Authority. Developer shall have no right to assert any claim for monetary or other compensatory damages against the City or Authority and will not be entitled to recover damages of any kind, including lost profits and direct, indirect, incidental, consequential, or punitive damages.

10.7 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Developer is intended to be exclusive of any other available remedy or remedies unless otherwise expressly stated, 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 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 X.

10.8 No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

10.9 Reimbursement of Attorneys' Fees. If Developer shall default under any of the provisions of this Agreement, and the Authority shall employ attorneys or incur other reasonable expenses for the enforcement of performance or observance of any obligation or agreement of Developer contained in this Agreement, the Authority in such action or enforcement shall be entitled to payment of its reasonable attorneys' fees and costs incurred therein.

Article XI Additional Provisions

11.1 Conflicts of Interest. No member of the Board or other official of the Authority shall have any financial interest, direct or indirect, in this Agreement, the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official, or employee of the City or the Authority shall be personally liable to the City or the Authority in the event of any Default or breach by Developer of any obligations under the terms of this Agreement.

11.2 Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

11.3 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be in writing and shall be sufficiently given or delivered if it is dispatched by reputable overnight courier, sent registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and addressed to:

Developer at: Amundson Flats, Limited Partnership
Attention: Chris Stokka
7645 Lyndale Avenue South
Minneapolis, MN 55423

with copies to:

Winthrop & Weinstine, P.A.
Attention: Jeffrey Koerselman
225 South Sixth Street, Suite 3500
Minneapolis, MN 55406

U.S. Bancorp Community
Development Corporation
Attention: Director of LIHTC Asset Management
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103

Kutak Rock LLP
Attention: Jill Goldstein
1650 Farnam Street
Omaha, NE 68102

U.S. Bank National Association
1307 Washington Avenue, Suite 300
St. Louis, MO 63103
Attention: U.S. Bancorp Community Development
Corporation, Community Lending
Division, Asset Management

Kutak Rock LLP
Attention: Heather Aeschleman
8601 North Scottsdale Road, Suite 300
Scottsdale, AZ 85253

Bridgewater Bank
Attention: Tyler Manning
370 Wabasha Street North, Suite 1500
Saint Paul, Minnesota 55102

Messerli & Kramer P.A.
Attention: Michelle Jester
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, Minnesota 55402

The Authority at: Housing and Redevelopment Authority of Edina, Minnesota
Attention: Executive Director
4801 West 50th Street
Edina, MN 55424

with a copy to: Dorsey & Whitney LLP
Attention: Jay R. Lindgren
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

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

11.4 Governing Law, Jurisdiction, Venue and Waiver of Trial by Jury. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by, interpreted and determined in accordance with the laws of the state of Minnesota without regard to its conflict and choice of law provisions. Any litigation arising out of this Agreement shall be venued exclusively in Hennepin County District Court, Fourth Judicial District, state of Minnesota and shall not be removed therefrom to any other federal or state court. The Authority and Developer hereby consent to personal jurisdiction and venue in the foregoing court. The Authority and Developer hereby waive trial by jury for any litigation arising out of this Agreement.

11.5 Severability. If any term or provision of this Agreement is determined to be invalid or unenforceable under applicable Law, the remainder of this Agreement shall not be affected thereby, and each remaining term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by applicable Law.

11.6 Consents and Approvals. Whenever the terms “consent,” “approve,” or “approval” are used herein, they shall mean consent or approval in a party’s sole discretion, unless specifically provided otherwise. All consents or approvals must be delivered in writing in order to be effective.

11.7 Additional Documents. When reasonably requested to do so by another party, each party shall execute or cause to be executed any further documents as may be reasonably necessary or expedient and within their lawful obligation in order to consummate the transactions provided for in, and to carry out the purpose and intent of, this Agreement.

11.8 Limitation. All covenants, stipulations, promises, agreements and obligations of the Authority or Developer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and Developer, and not of any governing body member, officer, agent, servant, manager or employee of the Authority or Developer in the individual capacity thereof.

11.9 Authority Approval; Representatives. Unless Board determines otherwise in its discretion, whenever this Agreement provides for approval by the Authority, such approval shall be given by and effective upon action, respectively, by the Authorized Representative of the Authority, as applicable (or in either case their designee), unless (a) this Agreement explicitly provides for approval by the Board, (b) approval by the Board is required by applicable Law, or (c) the approval, in the opinion of the Executive Director, would result in a material change in the terms of this Agreement. All actions required of or taken by Developer shall be effective upon action by a duly authorized officer, partner, member, or manager, as applicable.

11.10 Superseding Effect. This Agreement reflects the entire agreement of the parties with respect to the items covered by this Agreement, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the items covered by this Agreement.

11.11 Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to

create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement.

11.12 Survival of Terms. The following section will survive the expiration or earlier termination of this Agreement: Section 7.1 [Insurance]; Section 7.2 [Indemnification]; Sections 10.5 through 10.7 [Remedies on Default] to the extent of any Event of Default arising prior to such termination or expiration; Section 11.3 [Notices and Demands]; Section 11.4 [Governing Law, Jurisdiction, Venue and Waiver of Trial by Jury]; and Section 11.17 [Limited Liability].

11.13 Data Practices Act. Developer acknowledges that all of the data created, collected, received, stored, used, maintained, or disseminated by Developer with regard to the performance of its duties under this Agreement are subject to the requirements of Chapter 13, Minnesota Statutes.

11.14 No Waiver of Governmental Immunity and Limitations on Liability. Nothing in this Agreement shall in any way affect or impair the City's or Authority's immunity or the immunity of the City's and Authority's employees, consultants and contractors, whether on account of official immunity, legislative immunity, statutory immunity, discretionary immunity or otherwise. Nothing in this Agreement shall in any way affect or impair the limitations on the City's or Authority's liability or the liability of the City's and Authority's employees, consultants and independent contractors. By entering into this Agreement, the Authority does not waive any rights, protections, or limitations as provided under law and equity for the Authority, or of their respective employees, consultants and contractors.

11.15 City and Authority Regulatory Authority. Nothing in this Agreement shall be construed to limit or modify the City's or Authority's regulatory authority.

11.16 Memorandum of Agreement. Neither party shall cause this Agreement to be recorded or filed in the real estate records of the County. However, Developer shall cause a memorandum of this Agreement to be so recorded or filed in the form attached as **Exhibit E**, and hereby incorporated herein by reference upon execution of this Agreement upon that portion of the Property owned by Developer. At the time of execution of this Agreement the parties hereto will also execute and acknowledge the Memorandum of Agreement.

11.17 Limited Liability. Notwithstanding anything to contrary provided in this Agreement, it is specifically understood and agreed, such agreement being the primary consideration for the execution of this Agreement by Developer, that (a) there should be absolutely no personal liability on the part of any director, officer, manager, member, employee or agent of Developer or the City or Authority with respect to any terms, covenants and conditions in this Agreement; (b) Developer and the Authority waive all claims, demands and causes of action against the other parties' directors, officers, managers, members, employees and agents in any Event of Default, by either party, as the case may be, of any of the terms, covenants and conditions of this Agreement to be performed by either party; and (c) Developer and the Authority, as the case may be, shall look solely to the assets of the other party for the satisfaction of each and every applicable remedy in the Event of Default by any party, as the case may be, of any of the terms, covenants and conditions of this Agreement such exculpation of liability to be absolute and without any exception whatsoever.

11.18 Time is of the Essence. Time is of the essence of this Agreement and each and every term and condition hereof; provided, however, that if any date herein set forth for the performance of any obligations by Developer or the Authority or for the delivery of any instrument or notice as herein provided should not be on a business day, the compliance with such obligations or delivery shall be deemed acceptable on the next following business day.

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

[Remainder of page intentionally left blank; signatures on following page(s)]

IN WITNESS WHEREOF, the Authority and Developer have caused this Agreement to be duly executed in their names and on their behalf, all on or as of the date first above written.

HOUSING AND REDEVELOPMENT AUTHORITY
OF EDINA, MINNESOTA

By: _____
James B. Hovland, Chair

By: _____
Michael Fischer, Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of June, 2020, by James B. Hovland and Michael Fischer, the Chair and Secretary, respectively, of the Housing and Redevelopment Authority of Edina, Minnesota, on behalf of said Authority.

Notary Public

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Christopher J. Stokka
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of June, 2020, by Christopher J. Stokka, the Chief Manager of Edina Group LLC, a Minnesota limited liability company, the general partner of Amundson Flats, Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership.

Notary Public

Exhibit A

Legal Description

Part 1:

Lot 2, Block 1, Amundson's Terrace.

Part 2:

That part of the most Northerly 70 feet of Tract B, Registered Land Survey No. 1193, Hennepin County, Minnesota, lying West of the Southerly Extension of the East line of Lot 2, Block 1, Amundson's Terrace.

Hennepin County, Minnesota

Exhibit B

Form of Assignment Agreement

Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement

This Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement (this “Agreement”) is dated as of _____, 2020, by and among EAST EDINA HOUSING FOUNDATION, a Minnesota nonprofit corporation d/b/a EDINA HOUSING FOUNDATION (the “Foundation”); HOUSING AND REDEVELOPMENT AUTHORITY OF EDINA, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “Authority”); MWF PROPERTIES, LLC, a Minnesota limited liability company (“MWF”); and AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership (“Flats”).

Recitals:

A. The Foundation, as Seller, and MWF, as Buyer, are parties to that certain Real Estate Purchase Agreement dated as of January 31, 2019 (the “Underlying Purchase Agreement”), pursuant to which the Foundation agreed to sell, and MWF agreed to purchase, that certain land legally described on the attached **Exhibit A**, together with all buildings, parking facilities, fixtures and other improvements constructed or located thereon and all easements, hereditaments, air rights, rights of way, licenses, and other rights benefiting or appurtenant thereto (collectively, the “Property”), all located at 7075-7079 Amundson Avenue Edina, Minnesota, for the purpose of MWF developing the Property with a 62-unit, 100 percent affordable “workforce” housing community (the “Project”).

B. The Authority and Flats, are parties to that certain Redevelopment Agreement dated June 11, 2020 (the “Redevelopment Agreement”) pursuant to which the Authority has agreed to acquire the Property from the Foundation, assume the Underlying Purchase Agreement, reduce the Purchase Price thereunder, and sell the Property to Flats (as successor to MWF), all for the purpose of supporting the financing of the Project in order to create new affordable housing in the City of Edina, Minnesota.

C. In furtherance of the Project, and as contemplated in the Redevelopment Agreement:

- (i) the Foundation desires to sell the Property, and assign all of the Foundation’s right, title, and interest in and to the Underlying Purchase Agreement, to the Authority, and the Authority desires to purchase the Property, and assume all of the Foundation’s right, title, and interest in and to the Underlying Purchase Agreement, from the Foundation (collectively, the “Seller Transaction”);
- (ii) MWF desires to assign to Flats, all of MWF’s right, title, and interest in and to the Underlying Purchase Agreement, and the Flats desires to obtain and assume all of said right, title, and interest of MWF (collectively, the “Buyer Transaction”); and
- (iii) the Authority and Flats desire to amend the Underlying Purchase Agreement upon the terms and conditions set forth in this Agreement.

D. The parties intend that the Seller Transaction, the Buyer Transaction, and the Closing, will occur simultaneously and be deemed to have occurred in the sequence required to consummate the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties to this Agreement, each of them does hereby covenant and agree with the others as follows:

1. Recitals; Definition. The Recitals are incorporated into this Agreement by this reference, including the definitions set forth therein. Terms capitalized in this Agreement, but not otherwise defined, have the meanings given to them in the Underlying Purchase Agreement.

2. Seller Transaction.

(a) Purchase and Sale. At Closing (and the following shall be effective and deemed to have occurred immediately before Closing), (i) the Foundation shall sell the Property to the Authority; (ii) the Authority shall purchase the Property from the Foundation; (iii) the Authority shall pay the Foundation the amount of **\$1,300,000.00** in consideration for the Property; and (iv) the Foundation shall convey the Property directly to Flats pursuant to the Deed.

(b) Assignment. The Foundation hereby assigns to the Authority all of the Foundation's right, title, and interest in and to the Underlying Purchase Agreement, including the Foundation's interest in the Earnest Money and any Extension Deposits. Subject to clause (d) below, the Foundation hereby indemnifies and holds the Authority, its agents and its officers harmless from and against any and all liability arising from any failure by the Foundation to observe and perform any obligation of Seller under the Underlying Purchase Agreement which may have arisen prior to the date of this Agreement. The indemnity obligations of the Foundation under this section shall survive Closing.

(c) Assumption. The Authority hereby assumes all of the Foundation's rights and obligations with respect to the Underlying Purchase Agreement, including the Foundation's interest in the Earnest Money and any Extension Deposits. The Authority hereby indemnifies and holds the Foundation, its agents and its officers harmless from and against any and all liability arising from any failure by the Authority to observe and perform any obligation of Seller under the Underlying Purchase Agreement which may arise on or after the date of this Agreement. The indemnity obligations of the Authority under this section shall survive Closing.

(d) Closing Deliveries; Direct Deed. Notwithstanding anything to the contrary set forth in this Agreement, at Closing, the Foundation shall execute and deliver the Deed directly to Flats in accordance with the Underlying Purchase Agreement, and execute and deliver any other of Seller's Closing Documents reasonably required by the Authority, Flats, or the Title Company to consummate the sale and purchase of the Property under the Underlying Purchase Agreement. The Authority hereby indemnifies and holds the Foundation, its agents and its officers harmless from and against any and all loss, damages, costs, claims, liabilities and expenses, including without limitation attorneys' fees, relating to the Foundation's delivery of the Deed and any other Seller's Closing Documents at Closing, except to the extent arising from the negligence or willful misconduct of the Foundation, its agents or officers. The indemnity obligations of the Authority under this section shall survive Closing.

3. Buyer Transaction.

(a) Assignment. MWF hereby assigns to Flats all of the MWF's right, title, and interest in and to the Underlying Purchase Agreement, including the MWF's interest in the Earnest Money and any Extension Deposits. MWF hereby indemnifies and holds Flats, its agents and its officers harmless from and against any and all liability arising from any failure by MWF to observe and perform any obligation of Buyer under the Underlying Purchase Agreement which may have arisen prior to the date of this Agreement. The indemnity obligations of MWF under this section shall survive Closing.

(b) Assumption. Flats hereby assumes all of MWF's rights and obligations with respect to the Underlying Purchase Agreement, including MWF's interest in the Earnest Money and any Extension Deposits. Flats hereby indemnifies and holds MWF, its agents and its officers harmless from and against any and all liability arising from any failure by Flats to observe and perform any obligation of Buyer under the Underlying Purchase Agreement which may arise on or after the date of this Agreement. The indemnity obligations of Flats under this section shall survive Closing.

4. Amendments to the Underlying Purchase Agreement.

(a) Purchase Price. The Authority and Flats hereby agree that, at Closing (provided that the following shall be effective and deemed to have occurred immediately after the occurrence of the Seller Transaction and the Buyer Transaction, and immediately before Closing) the Purchase Price shall be reduced to **\$600,000.00** and all references to the Purchase Price in the Underlying Purchase Agreement shall be deemed to refer to the Purchase Price as reduced by this Agreement. The foregoing Purchase Price reduction is the "Land Write Down" described in the Redevelopment Agreement.

(b) Deed and Seller's Closing Deliveries. Flats acknowledges that the Deed and certain Seller's Closing Documents will be executed and delivered directly by the Foundation, and Flats agrees to accept the Deed and such Seller's Closing Documents from the Foundation, subject to the indemnity from the Authority in favor of the Foundation set forth in Section 2(d) of this Agreement.

5. Miscellaneous. Except as specifically set forth in this Agreement, all terms and conditions in the Underlying Purchase Agreement shall remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Underlying Purchase Agreement, the terms of this Agreement shall prevail. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same Amendment. The parties hereby acknowledge and agree that electronic signatures, including execution using DocuSign, or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been delivered.

[Remainder of Page Intentionally Left Blank. Signature Pages Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement as of the day and year first above written.

EAST EDINA HOUSING FOUNDATION,
a Minnesota nonprofit corporation

By: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement as of the day and year first above written.

HOUSING AND REDEVELOPMENT AUTHORITY
OF EDINA, MINNESOTA

By: _____
James B. Hovland, Chair

By: _____
Michael Fischer, Secretary

IN WITNESS WHEREOF, the parties hereto have executed this Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement as of the day and year first above written.

MWF PROPERTIES, LLC,
a Minnesota limited liability company

By: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Master Purchase Agreement and Assignment, Assumption, and Amendment of Real Estate Purchase Agreement as of the day and year first above written.

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Christopher J. Stokka
Its: Chief Manager

Exhibit A

Legal Description of the Property

Part 1:

Lot 2, Block 1, Amundson's Terrace.

Part 2:

That part of the most Northerly 70 feet of Tract B, Registered Land Survey No. 1193, Hennepin County, Minnesota, lying West of the Southerly extension of the East line of Lot 2, Block 1, Amundson's Terrace.

Exhibit C

Form of Certificate of Completion

CERTIFICATE OF COMPLETION

A. AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership (“Developer”), pursuant to the Redevelopment Agreement by and between the HOUSING AND REDEVELOPMENT AUTHORITY OF EDINA, MINNESOTA (the “Authority”), and Developer, dated effective as of June 11, 2020 (the “Agreement”), which Agreement is evidenced of record by that certain Memorandum of Redevelopment Agreement dated June 11, 2020 and recorded on _____, 2020 in the office of the Recorder for Hennepin County, Minnesota as Document No. _____, has agreed to complete the Project, as defined in and in accordance with the Agreement, on that certain real property (the “Property”) located in Hennepin County, Minnesota, described on the attached Exhibit A.

B. As of the date hereof, Developer has substantially completed construction of the Project.

C. The issuance of this Certificate of Completion by the Authority is not intended nor shall it be construed to be a warranty or representation by the City or the Authority as to the structural soundness of the applicable Project improvements, including, but not limited to, the quality of materials, workmanship or the fitness of the applicable Project improvements for their proposed use.

NOW THEREFORE, this is to certify that all construction and other physical improvements specified to be done and made by Developer with regard to the Project have been completed, and the provisions of the Agreement imposing obligations on Developer to construct such Project improvements, are hereby satisfied and terminated, and the County Recorder in and for the County of Hennepin, Minnesota is hereby authorized to record this instrument to be a conclusive determination of the satisfactory termination of said provisions of the Agreement.

Dated: _____, 20__

[Remainder of page intentionally left blank; signature pages follow]

**HOUSING AND REDEVELOPMENT
AUTHORITY OF EDINA, MINNESOTA**

By _____
Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____,
by _____, the Executive Director of the Housing and Redevelopment Authority of Edina,
Minnesota, on behalf of said Authority.

Notary Public

THIS DOCUMENT WAS DRAFTED BY:
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

Exhibit D
Preliminary Project Budget

SUMMARY

Development Name	Amundson Flats
Primary Address	7075 Amundson Avenue
City	Edina
Zip Code	55439
County	Hennepin

ACTIVITY TYPE
Rental Subsidy
New Construction

Version Date	
Property Number (D#)	D8218
Project Number (M#)	M18181
HTC #	

DEVELOPMENT TEAM	
Sponsor/Parent Company	MWF Properties, LLC (Jay Weis and Erik Weis)
Developer	Edina Group Development LLC
Owner	Amundson Flats, Limited Partnership
Management Co	Velair Property Management
Service Provider	ReEntry House, Inc.
Architect	Miller Hanson Architects
General Contractor	Eagle Building Company, LLC
Processing Agent	

DEMOGRAPHICS	
# Units	Description
	Senior
4	People with Disabilities
8	Permanent Supportive Housing

First Mortgage/Deferred Loan Request	
TYPE	AMOUNT
<input type="checkbox"/> Minnesota Housing First Mortgage	
<input type="checkbox"/> Deferred Loan(s)	

Tax Exempt Bond Request		
TYPE	ISSUER	AMOUNT
<input type="checkbox"/> Tax Exempt Bonds - Long Term		
<input type="checkbox"/> Tax Exempt Bonds - Short Term		

Subsidy Funding Request	Name of Source	# Units	Amount

UNIT SUMMARIES			
Unit Type	# Units	Program Type	# Units
SRO no Kitchen		HTC	62
SRO with Kitchen		HOME	
OBR/Eff		NHTF	
1BR	8	HPH	4
2BR	23	PWD	4
3BR	31	Market Rate	
4BR		Common Space	
5BR		HIB Sr Program	
6BR		Rent Assistance	8
TOTAL UNITS	62	Operating Subsidy	8

Housing Tax Credit Request	
Type of Tax Credits requested from Minnesota Housing:	
<input type="checkbox"/> Housing Tax Credits - 4%	
<input checked="" type="checkbox"/> Housing Tax Credits - 9%	
<input type="checkbox"/> Dual Application	
HTC Request Amount:	<input type="text" value="1,062,143"/>
Request Status	
<input checked="" type="checkbox"/> Basis Boost	<input checked="" type="checkbox"/> Reservation
	<input type="checkbox"/> Carryover
Tax Credit Pool	<input type="checkbox"/> 8609
<input checked="" type="checkbox"/> Metro	<input type="checkbox"/> Qualified Contact
<input type="checkbox"/> Greater MN	<input type="checkbox"/> 42 M1 Letter
Tax Credit Request Type	
<input checked="" type="checkbox"/> First Request	<input type="checkbox"/> Non Profit
<input type="checkbox"/> Supplemental	<input type="checkbox"/> Rural Development
<input type="checkbox"/> Repeat Request - not selected	
Application to suballocator	<input type="text"/>
Previously Awarded Tax Credits:	
Allocator	<input type="text"/> Amount <input type="text"/>
Allocator	<input type="text"/> Amount <input type="text"/>
Allocator	<input type="text"/> Amount <input type="text"/>

SUMMARY

RENT GRID

Unit Type	# of Units	Approx Sq Ft	Monthly Contract Rent	Monthly Gross Rent	Rent Limit	Income Limit	Program Type							
							HTC	HOME	NHTF	HPH	PWD	HIB Senior	Rent Asst	Op Subs
1BR	4	705	678	722	50% MTSP	30% MTSP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1BR	4	705	678	722	50% MTSP	30% MTSP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2BR	23	965	1,068	1,125	50% MTSP	60% MTSP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3BR	8	1,225	1,230	1,300	50% MTSP	60% MTSP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3BR	23	1,225	1,490	1,560	60% MTSP	70% MTSP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TOTALS	62		889,176											

INCOME & EXPENSE

Income	Amount
Housing Income	889,176
Covered Parking	
Surface Parking	
Commercial	
TIF	
Gross Potential Rent	889,176
Total Other Income	
Total Rental Loss	62,242
Net Rental Income	826,934
Expense	Amount
Administrative	131,616
Maintenance	109,000
Utilities	81,000
Unique Operating Expenses	
Insurance	22,000
Agency M & O Adjustment	
Total M & O	343,616
Reserves & Escrows	113,400
Effective Gross Expense	457,016
Net Operating Income	Amount
NOI	369,918

EXPENSE SUMMARY

Total expense per Unit(\$)	7,371
Total Expense as % of Revenue	55%
M & O Per Room	1,081
M & O/Unit/Year	5,542

UNDERWRITING ASSUMPTIONS

Residential Vacancy	7.0%	Income Inflater	2.00%	DCR Year 1	1.15	Loan Rate	4.500%
Parking Vacancy		Expense Inflater	3.00%	DCR Year 15	1.32	MIP	
Commercial Vacancy		Cap Rate	7.00%				

SOURCES AND USES

Permanent Capital Funding Sources

Source	Amount	Per Unit	Committed
First Mortgage	5,664,000	91,355	<input checked="" type="checkbox"/>
General Partner Cash	1,095	18	<input checked="" type="checkbox"/>
Syndication Proceeds	10,195,553	164,444	<input checked="" type="checkbox"/>
State Historic Proceeds			<input type="checkbox"/>
Federal Historic Proceeds			<input type="checkbox"/>
Deferred Loan Request			<input type="checkbox"/>
Sales Tax Rebate			<input type="checkbox"/>
Energy Rebates	15,780	255	<input checked="" type="checkbox"/>
Met Council Environmental	400,500	6,460	<input type="checkbox"/>
ERF Environmental	247,340	3,989	<input type="checkbox"/>
Tree Grant	14,350	231	<input type="checkbox"/>
Deferred Developer Fee	451,765	7,287	<input checked="" type="checkbox"/>
TOTAL PERMANENT FINANCING	16,990,383	274,038	
FUNDING GAP REMAINING	(15)	(0)	

Uses

Description	Amount	Per Unit	% of Total
Acquisition or Refinance	730,000	11,774	4%
New Construction	10,406,851	167,852	61%
Rehabilitation			
Contractor Fees	1,393,087	22,469	8%
Contingency	589,997	9,516	3%
Environmental Abatement	704,050	11,356	4%
Professional Fees	1,144,366	18,458	7%
Developer Fees	1,000,000	16,129	6%
Syndicator Fees			
Financing Costs	758,160	12,228	4%
TOTAL MORTGAGEABLE	16,726,511	269,782	98%
Reserves and Non-Mortgageable	263,857	4,256	2%
TOTAL DEVELOPMENT COST	16,990,368	274,038	100%

Construction Sources

Source	Amount	Per Unit	Committed
USB Construction Loan	13,586,700	219,140	<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>

Subsidy Funding Sources

Name of Source	Amount	# Unit	Secured or Applied for
Housing Support	69,312	8	Secured
Housing Support	46,353		Secured
TOTAL OF SUBSIDY FUNDING	115,665	8	

SUMMARY

TOTAL OF CONSTRUCTION FINANCING	13,586,700	219,140	
--	------------	----------------	--

PROJECT DESCRIPTION

Application Date

MINNESOTA HOUSING USE ONLY:	
Version Date	<input type="text"/>
Version	<input type="text"/>

DEVELOPMENT LOCATION

Property Number (D#):
 Project Number (M#): Only enter one Project Number.
 HTC #

Development Name Year Built
 Primary Address
 City
 Zip Code
 County
 Latitude Enter the property's latitude.
 Longitude Enter the property's longitude.

Enter Primary Address above. Enter additional buildings on Buildings tab.
 Check if multiple buildings

ACTIVITY TYPE (Check all that apply)

<input type="checkbox"/>	Acquisition	<input checked="" type="checkbox"/>	New Construction
<input type="checkbox"/>	Refinance	<input type="checkbox"/>	Conversion/Adaptive Re-use
<input type="checkbox"/>	Rehabilitation	<input type="checkbox"/>	Stabilization
<input type="checkbox"/>	Historic Pres/Renovation	<input type="checkbox"/>	Scattered Site Development
<input type="checkbox"/>	Demolition	<input type="checkbox"/>	Other: <input type="text"/>
<input checked="" type="checkbox"/>	Rental Subsidy	<input type="checkbox"/>	Other: <input type="text"/>

DEMOGRAPHICS (Enter number of units for each applicable demographic)

# Units	
	Senior
4	People with Disabilities
8	Permanent Supportive Housing

PROPERTY INFORMATION

SITE DESCRIPTION

Acres	1.25	Project located in qualified census tract:	<input type="checkbox"/>
Total Site Area Sq. Footage	54,450	Tract Number:	023903
Density (units/acre)	49.60		

Enter the 6 digit tract number for the site. (If applicable, include leading and/or trailing zeros and exclude the decimal). If scattered site, enter the tract number for the primary building site.

BUILDING DESCRIPTION

Housing Space	Type of Building	Number of Residential Buildings	Number of Stories	Number of Units	Gross Sq Feet
New Construction	Elevator	1	4	62	50,000
Totals		1	4	62	50,000

Parking	Type	Number of Parking Spaces	Number Parking Spaces / Unit	Gross Square Feet
Covered Parking	Underground	62	1.00	17,500
Surface Parking		32	0.52	
Totals		94	1.52	17,500

Non-Housing Space	Describe	Gross Sq Ft
Administration/Programmatic		
Commercial		
Storage Lockers		
Community Space		1,000
Swimming Pool		
Community Service Facility		
Office		500
Commercial Kitchen or Food Service Space (for supportive or senior housing)		
Other		
Total Non-Housing gross square feet		1,500

DEVELOPMENTS INVOLVING ACQUISITION

Will the property be acquired from a related party?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
Has the property been acquired from a related party?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If yes, date:	Sale price:
Has the property been acquired from an unrelated party in the last three years?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If yes, date:	Sale price:

Existing Indebtedness on the Property/Building

Name of Lender(s) of Existing Loans, Subsidies and Grants (secured and unsecured)	Original Loan Amount	Interest Rate	Term (Yrs)	Unpaid Balance	Date of Unpaid Balance	Date of Maturity	Number of Restricted Units	Restricted to Special Populations?	Loan Will be Paid Off in this Transaction?	Income Limits (%)	Rent Limits (%)
Total											

Existing Federal Subsidies

Federal Subsidy	# of Units	Exp. Date	Are the existing federally assisted units at risk of loss?

Existing State and Local Subsidies

State or Local Subsidy	Subsidy Type	# of Units	Exp. Date	Describe if Other

HOUSING INCOME

TENANT PAID UTILITY ALLOWANCE

Utility	Utility Type	SRO no Kitchen	SRO with Kitchen	OBR/Eff	1BR	2BR	3BR	4BR	5BR	6BR
Heating	Natural Gas									
Cooking	Electric				7	10	13			
Water Heating	Natural Gas									
Electric					37	47	57			
A/C										
Water/Sewer										
Service Fee										
Other										
Total Tenant Paid					44	57	70			
Source					Effective Date					

UNIT / RENT GRID

Unit Type	# of Bathrooms	# of Units	Unit Sq Ft	Monthly Contract Rent	Total Annual Contract Rent	Tenant Paid Utilities	Monthly Gross Rent	Rent Limit	Income Limit	Program Type											Rooms Per Unit	Total Rooms	Source of Rental Assistance or Operating Subsidy
										HTC	HOME	NHTF	HPH	PWD	HIB Senior	Rent Asst	Op Subs						
1BR	1.00	4	705	678	32,544	44	722	50% MTSP	30% MTSP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.5	14.0	Housing Support			
1BR	1.00	4	705	678	32,544	44	722	50% MTSP	30% MTSP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.5	14.0	Housing Support			
2BR	1.00	23	965	1,068	294,768	57	1,125	50% MTSP	60% MTSP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.5	103.5				
3BR	2.00	8	1,225	1,230	118,080	70	1,300	50% MTSP	60% MTSP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.0	48.0				
3BR	2.00	23	1,225	1,490	411,240	70	1,560	60% MTSP	70% MTSP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.0	138.0	Possible 70% units if IRS guidance allows			
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						

Total Units	62	Rental Hsg Potential	889,176	Total Rooms	318
Total # Bathrooms in Units	93				
Income Average	59.84%	NOTE: Income Average is based on number of HTC units with MTSP Income Limit			

Option	Equals
30/30 MM	30% of 30% Metro Median
ALW	Affordable to the Local Workforce
80>S/AMI	80% of the greater of SMI or AMI

INCOME

	Total	Per Unit	Per Room	Comments
GROSS POTENTIAL RENT				
Rental Housing Potential	889,176	14,342	2,796	
Parking / Garage Rent Potential				
Covered Parking	# of spaces 62 Mo Fee			
Surface Parking	# of spaces 32 Mo Fee			
Commercial Rent Potential				
Gross Potential Rent	889,176	14,342	2,796	
OTHER INCOME FROM OPERATIONS (excluding TIF)				
Tenant Fees				
Laundry Equipment				
Other				
Other				
Forfeited Security Deposits				
Interest Income				
Total Other Income				
RENTAL LOSS				
Rental Housing Vacancy	Vacancy Rate 7.0%	62,242	1,004	196
Parking / Garage Vacancy	Vacancy Rate			
Commercial Vacancy	Vacancy Rate			
Other				
Other				
Total Rental Loss		62,242	1,004	196
NET RENTAL INCOME				
Net Rental Income / Total Revenue	826,934	13,338	2,600	

MANAGEMENT & OPERATING EXPENSES (M&O)

	Total	Per Unit	Per Room	Comments
ADMINISTRATIVE				
Advertising and Marketing	3,000	48	9	
Property Management Fee	% Revenue \$/Unit/Mo 49,616	800	156	
Percent of Total Revenue (OR)	6.0%	\$66.69		
Per Unit Per Month				
Professional Fees (Specify in Comments)	8,000	129	25	Legal, Accounting
Applicant Screening/Collection Expense				
Site Office Expense (Specify in Comments)	6,000	97	19	
On-Site Management Payroll (Specify in Comments)	55,000	887	173	
Other Administration (Specify in Comments)	10,000	161	31	Inspection Fees, City Fees, Phone
Administrative Subtotal	131,616	2,123	414	
MAINTENANCE				
Elevator Maintenance/Contract	3,000	48	9	
Security				
Rubbish Removal	13,000	210	41	
Other Contract Services (Includes Exterminating)	8,000	129	25	
Maintenance/Janitor Supplies	3,000	48	9	
Grounds Maintenance	3,000	48	9	
Snow Removal	4,000	65	13	
Heat & A/C Repair Services	10,000	161	31	
General Repair Services	10,000	161	31	
Painting/Decorating Materials	4,000	65	13	
Maintenance/Janitor Payroll (Specify in Comments)	45,000	726	142	
Other Maintenance and Operating (Specify in Comments)	6,000	97	19	Materials
Maintenance Subtotal	109,000	1,758	343	
UTILITIES				
Electricity	20,000	323	63	Based on per room comp
Water & Sewer	36,000	581	113	Based on per room comp
Gas and Oil	25,000	403	79	Based on per room comp

INCOME			
Utilities Subtotal	81,000	1,306	255

INCOME				
SUPPORTIVE HOUSING				
Unique Operating Expenses (Specify in comments)				
INSURANCE				
Property and Liability Insurance Expense	22,000	355	69	
AGENCY MANAGEMENT AND OPERATING ADJUSTMENT				
Agency Management and Operating Adjustment				
TOTAL MANAGEMENT AND OPERATING				
Total Management and Operating	343,616	5,542	1,081	
REAL ESTATE TAXES AND RESERVES				
Real Estate Taxes	85,500	1,379	269	See property tax estimate
Replacement Reserve	27,900	450	88	
Miscellaneous Reserves				
Reserves & Escrows Subtotal	113,400	1,829	357	
EFFECTIVE GROSS EXPENSE				
Effective Gross Expense	457,016	7,371	1,437	
NET OPERATING INCOME				
Net Operating Income	369,918	5,966	1,163	
TEMPORARY INCOME (i.e., TIF, IRP, etc)		# Years		
TIF				
Specify				
Specify				
Total Temporary Income				

MORTGAGE CALCULATION

INCOME AVAILABLE FOR DEBT SERVICE

		Change on the Cash Flow tab:	Year 1	Year 15
Net Operating Income		Income Inflator	2.00%	369,918
Temporary Income (excluding TIF)		Expense Inflator	3.00%	423,726
Income Available for Debt Service			369,918	423,726

SUBORDINATED DEBT PAYMENTS

Lender/Loan	Check if MN Hsg	Principal	Rate	Term (Years)	Amort (Years)	Debt Service Year 1	Debt Service Year 15
	<input type="checkbox"/>						
	<input type="checkbox"/>						
	<input type="checkbox"/>						
	<input type="checkbox"/>						
	<input type="checkbox"/>						
	<input type="checkbox"/>						
Total Subordinated Debt Payments							
Income Available after Subordinated Debt						369,918	423,726
Minimum Debt Coverage Ratio						1.1500	1.1500
Net Income Available for Debt Service						321,668	368,458

FIRST MORTGAGE CALCULATION

Lowest Income Available for Debt Service	321,668
Term (Years)	17
Amortization (Years)	35
Interest Rate	4.500%
Mortgage Insurance Premium (MIP)	
Debt Service Constant (including MIP)	0.056790808
Maximum Calculated Mortgage	5,664,083
Maximum NOI Supported Mortgage (rounded)	5,664,000
Actual Mortgage if not Maximum Supported	

TIF MORTGAGE CALCULATION

Annual TIF Payment	
Minimum Debt Coverage Ratio	
Available TIF for Debt Service	
Amortization (Years)	
Total Permanent Note Rate	
Mortgage Insurance Premium (MIP)	
Debt Service Constant (including MIP)	
Maximum Calculated TIF Mortgage	
Maximum TIF Supported Mortgage (rounded)	
Actual TIF Mortgage if not Maximum Supported	

Deferred Developer Fee Payments

Beginning Balance	451,765	403,510	358,595	309,773	257,087	200,583	140,310	76,325	8,687
Interest									
Payment	(48,255)	(44,916)	(48,822)	(52,686)	(56,504)	(60,273)	(63,985)	(67,638)	(8,687)
Ending Balance	403,510	358,595	309,773	257,087	200,583	140,310	76,325	8,687	

Cash Flow Loans

Beginning Balance									
Interest									
Payment									
Ending Balance									

DEVELOPMENT COSTS

	Total Costs	Per Unit	4% Credit Basis	9% Credit Basis	Historic Credits Basis	Inter-med. Costs	Comments
ACQUISITION or REFINANCE EXISTING DEBT							
Land	600,000	9,677					
Existing Structures							
Demolition	130,000	2,097					Not included in estimate
Acquisition/Refinance Subtotal	730,000	11,774					
Special Assessments							
Other						<input type="checkbox"/>	
Other						<input type="checkbox"/>	
Holding Costs						<input type="checkbox"/>	
Holding Costs						<input type="checkbox"/>	
Acquisition/Refinance Total	730,000	11,774					
CONSTRUCTION							
New Construction							
Residential	8,248,493	133,040		8,248,493			Based on spring 2020 start
Garages	800,000	12,903					\$ per stall: <input type="text"/>
Accessory Structures							
On Site Work	1,358,358	21,909		1,358,358			
Off Site Work							
Other							
Other							
New Construction Subtotal	10,406,851	167,852		9,606,851			
Rehabilitation							
Residential							
Garages							\$ per stall <input type="text"/>
Accessory Structures							
On Site Work							
Off Site Work							
Other							
Other							
Rehabilitation Subtotal							
New and Rehabilitation Subtotal	10,406,851	167,852		9,606,851			
General Requirements	597,037	9,630		597,037			5.74%
Contractor's Overhead	199,013	3,210		199,013			1.91%
Contractor's Profit	597,037	9,630		597,037			5.74%
Construction Contract Amount	11,799,938	190,322		10,999,938			
Construction Contingency	589,997	9,516		589,997			5.00%
Total Construction Costs	12,389,935	199,838		11,589,935			
ENVIRONMENTAL ABATEMENT							
Soil Abatement	350,460	5,653					
Lead Abatement							
Asbestos Abatement	53,500	863					
Other	80,000	1,290		80,000			Vapor Mitigation System (est
Abatement Contingency (Agency determined)	220,090	3,550					
Abatement Total	704,050	11,356		80,000			

DEVELOPMENT COSTS

	Total Costs	Per Unit	4% Credit Basis	9% Credit Basis	Historic Credits Basis	Inter-med. Costs	Comments
PROFESSIONAL FEES							
Architect's Fee Total	225,000	1.9%					
Architect's Fee - Design		75%	168,750	2,722	172,500	<input checked="" type="checkbox"/>	
Architect's Fee - Supervision		25%	56,250	907	57,500	<input checked="" type="checkbox"/>	
Architect's Reimburseables						<input checked="" type="checkbox"/>	
Marketing	30,000	484				<input checked="" type="checkbox"/>	Velair + Lease-Up
Surveys	8,000	129		8,000		<input type="checkbox"/>	As-Built
Soil Borings						<input type="checkbox"/>	In Architect Fee
Payment & Performance Bond Premium						<input type="checkbox"/>	
Building Permit(s)						<input type="checkbox"/>	
Sewer-Water Access Charge	471,016	7,597		471,016		<input type="checkbox"/>	\$2,485*SAC units; \$2,289 Cit
Other Local Fees	City Fees		15,000	242	15,000	<input checked="" type="checkbox"/>	Comp Plan Amend; Rezone; ;
Appraisal Fee		250	15,500		15,500	<input checked="" type="checkbox"/>	US Bank + Application Appra
Energy Audit						<input checked="" type="checkbox"/>	
Energy Consultant						<input checked="" type="checkbox"/>	In Architect Fee
Environmental Assessment	43,500	702		43,500		<input checked="" type="checkbox"/>	Phase I update, Phase II upd
Cost Certification/Audit	6,000	97		6,000		<input checked="" type="checkbox"/>	1st yr TR; Cost Cert
Market Study	4,500	73				<input checked="" type="checkbox"/>	
Tax Credit Fees (% of credits)	84,800	1,368				<input checked="" type="checkbox"/>	
Compliance Fees (1st year)	1,050	17				<input checked="" type="checkbox"/>	7% + \$800 app fee
Furnishings and Equipment	40,000	645		40,000		<input type="checkbox"/>	
Legal Fees	200,000	3,226		100,000		<input checked="" type="checkbox"/>	Winthrop and US Bank lende
Relocation Costs						<input checked="" type="checkbox"/>	
Other Fees						<input checked="" type="checkbox"/>	
Other Fees	Park Dedication					<input checked="" type="checkbox"/>	Zero per planning
Other Fees						<input checked="" type="checkbox"/>	
Other Fees						<input checked="" type="checkbox"/>	
Professional Fees Total	1,144,366	18,458		929,016			
DEVELOPER FEE							
Developer Fee	1,000,000	16,129		1,000,000		<input checked="" type="checkbox"/>	Reduced to hit intermediary
Processing Agent						<input checked="" type="checkbox"/>	
Owner's Construction Representative						<input checked="" type="checkbox"/>	
Other Consultant Fees						<input checked="" type="checkbox"/>	
Other						<input type="checkbox"/>	
Developer Fee Total	1,000,000	16,129		1,000,000			
SYNDICATOR/INVESTOR FEES							
Organization Fees						<input checked="" type="checkbox"/>	
Bridge Loan						<input checked="" type="checkbox"/>	
Tax Opinion						<input checked="" type="checkbox"/>	
Due Diligence Fees						<input checked="" type="checkbox"/>	
Other Fees						<input type="checkbox"/>	
Syndicator/Investor Fees Total							

DEVELOPMENT COSTS

	Total Costs	Per Unit	4% Credit Basis	9% Credit Basis	Historic Credits Basis	Inter-med. Costs	Comments
FINANCING COSTS							
Construction Period Costs							
Hazard and Liability Insurance						<input type="checkbox"/>	
Construction Interest at: <input type="text" value="3.150%"/> <input type="text" value="18"/>	550,000	8,871		375,000		<input checked="" type="checkbox"/>	LIBOR + 2.15%
Builder's Risk Insurance						<input checked="" type="checkbox"/>	
Taxes During Construction						<input checked="" type="checkbox"/>	N/A
Minnesota Housing Bridge Loan Origination Fee						<input checked="" type="checkbox"/>	
Construction Loan Origination Fee	81,520	1,315		81,520		<input checked="" type="checkbox"/>	0.60%
Minnesota Housing Construction Oversight Fee						<input checked="" type="checkbox"/>	
Other Inspection Fee						<input checked="" type="checkbox"/>	
Other <input type="text" value="Investor Fees"/>	10,000	161				<input checked="" type="checkbox"/>	Radon, Tenant Cert, ect
Permanent Financing Costs							
Minnesota Housing 1st Mortgage Application Fee						<input checked="" type="checkbox"/>	
Minnesota Housing 1st Mortgage Origination Fee						<input checked="" type="checkbox"/>	
HUD/FHA MIP						<input checked="" type="checkbox"/>	
HUD/FHA Exam Fee						<input checked="" type="checkbox"/>	
HUD/FHA Inspection Fee						<input checked="" type="checkbox"/>	
Other Permanent Origination Fee	56,640	914				<input checked="" type="checkbox"/>	
Mortgage Insurance Premium						<input checked="" type="checkbox"/>	
Bond Issuance Fee						<input checked="" type="checkbox"/>	
Bond Counsel						<input checked="" type="checkbox"/>	
Underwriter Counsel						<input checked="" type="checkbox"/>	
Trustee Fee						<input checked="" type="checkbox"/>	
Rating Agency						<input checked="" type="checkbox"/>	
Other Bond Fees						<input checked="" type="checkbox"/>	
Title and Recording	60,000	968		45,000		<input checked="" type="checkbox"/>	
Other <input type="text"/>						<input checked="" type="checkbox"/>	
Other <input type="text"/>						<input checked="" type="checkbox"/>	
Other <input type="text"/>						<input checked="" type="checkbox"/>	
Financing Costs Total	758,160	12,228		501,520			
TOTAL MORTGAGEABLE COSTS	16,726,511	269,782		14,100,471			
RESERVES AND NON-MORTGAGEABLE COSTS							
Operating Reserve	263,857	4,256					
<input type="text"/>							
<input type="text"/>							
<input type="text"/>							
<input type="text"/>							
Non-Mortgageable Costs Total	263,857	4,256					
TOTAL DEVELOPMENT COST							
Total Development Costs	16,990,368	274,038					App = \$16,380,110
Total Basis for Tax Credits				14,100,471			MHFA = \$16,380,110
Total Intermediary Costs <input type="text" value="14.03%"/> % of total	2,383,510						

SOURCES

Total Development Cost from Development Costs tab: \$16,990,368

CONSTRUCTION SOURCES

Name of Source	Term (Months)	Rate	Amount	Per Unit	Committed	Notes
USB Construction Loan	18	5.500%	13,586,700	219,140	<input type="checkbox"/>	
				0	<input type="checkbox"/>	
				0	<input type="checkbox"/>	
				0	<input type="checkbox"/>	
				0	<input type="checkbox"/>	
Total Construction Financing			13,586,700	219,140		

PERMANENT CAPITAL SOURCES OF FUNDING

Name of Source	Term (Years)	Rate	Amount	Per Unit	Committed	Include in HTC Gap	End Loan	Notes (Enter info about status and estimated timing of funding)
First Mortgage	17	4.500%	5,664,000	91,355	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
General Partner Cash			1,095	18	<input checked="" type="checkbox"/>			
Syndication Proceeds			10,195,553	164,444	<input checked="" type="checkbox"/>			
State Historic Proceeds				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Federal Historic Proceeds				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Deferred Loan Request				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Sales Tax Rebate				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Energy Rebates			15,780	255	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bridged by GP Loan
Met Council Environmental			400,500	6,460	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERF Environmental			247,340	3,989	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tree Grant			14,350	231	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
				0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Deferred Developer Fee			451,765	7,287	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	\$311,221 originally
Total Permanent Financing			16,990,383	274,038				
FUNDING GAP REMAINING			(15)	(0)				

NEW OR ADDITIONAL RENTAL ASSISTANCE OR OPERATING SUBSIDY FUNDING

Type of Source	Name of Source	OS Funding Use	Term (Years)	# of Units	Annual Amount	Per Unit	Secured or Applied for
Rental Assistance	Housing Support	Revenue Shortfall	10	8	69,312	8,664	Secured
Operating Subsidy	Housing Support	Tenant Service Co	10		46,353	0	Secured
						0	
						0	
Total Proposed Rental Assistance or Operating Subsidy Funding				8	115,665	8,664	

ADDITIONAL COSTS NOT INCLUDED IN TOTAL DEVELOPMENT COST

Minnesota Housing 1st Mortgage Escrow Requirements	Amount
Operating Deficit Escrow	0
Insurance Escrow	
Tax Escrow	
Other	
Other	

MAXIMUM ALLOWABLE RETURN ON EQUITY

Yes	Developments with syndication proceeds	1,529,497
	Developments with no syndication proceeds	0
	Developments with de minimus amount of syndication proceeds	0
	Manual Entry	
Explain:		

FLOW OF FUNDS

In each column of the Flow of Funds, Total All Sources and Total Uses must be equal.

Name of Source	Amount	Closing	During Const	End of Const	Stabilization	Cash Flow	Comment
CONSTRUCTION SOURCES							
USB Construction Loan	13,586,700		13,586,700	(7,354,922)	(6,231,778)		
	0						
	0						
	0						
	0						
PERMANENT SOURCES							
First Mortgage	5,664,000				5,664,000		
General Partner Cash	1,095	1,095					
Syndication Proceeds	10,195,553	1,759,046	280,065	7,354,922	801,521		
	0						
	0						
	0						
	0						
Energy Rebates	15,780				15,780		
Met Council Environmental	400,500		400,500				
ERF Environmental	247,340		247,340				
Tree Grant	14,350				14,350		
	0						
	0						
	0						
	0						
	0		0				
	0						
	0						
	0						
	0						
Deferred Developer Fee	451,765				451,765		
Total Construction Sources	13,586,700	0	13,586,700	(7,354,922)	(6,231,778)	0	
Total Perm Sources	16,990,383	1,760,141	927,905	7,354,922	6,947,416	0	
Total All Sources	30,577,083	1,760,141	14,514,605	0	715,638	0	

USES	Amount	Closing	During Const	End of Const	Stabilization	Cash Flow	Comment
Acquisition	730,000	730,000					
New Construction	10,406,851		10,406,851				
Rehab	0						
Contractor Fees	1,393,087		1,393,087				
Contingency	589,997		589,997				
Environmental Abatement	704,050		704,050				
Professional Fees (Soft Costs)	1,144,366	559,685	584,681				
Developer Fee	1,000,000	250,000	298,235	0	451,765		
Syndication Fees	0						
Financing Fees	758,160	220,456	537,704				
Reserves	263,857				263,857		
Total Uses	16,990,368	1,760,141	14,514,605	0	715,622	0	
<i>Difference</i>		0	(0)	0	16	0	

HOUSING TAX CREDIT INFORMATION

Credit Type (Check all that apply)

- Newly constructed and not federally subsidized
- Newly constructed and federally subsidized
- Rehabilitation expenditures not federally subsidized
- Rehabilitation expenditures federally subsidized
- Existing Building
- Allocation subject to non profit set aside under sec. 42(h)(5)

Project Located in:

- Difficult Development Area
- State Designated Basis Boost

Minimum Set-Aside (Please select one of the minimum set aside requirements stated by Section 42 IRS Code. The choice of minimum set-aside also establishes the income limit and rent limit applicable to all HTC units in the project. **Note: An election of 20% at 50% MTSP means that the 50% limit is applicable to all HTC units in the building.**)

- 20% of the units serving households at 50% MTSP
- 40% of the units serving households at 60% MTSP
- 40% of units serving households at an average of 60% MTSP (Income Average is based on number of HTC units with MTSP Income Limits located on the Housing Income tab.)

TENANT FACILITIES / AMENITIES

Common Space - Non Unit	Sq Ft	Fee	Basis?
Parking / Garages	17,500		<input type="checkbox"/>
Storage Lockers			<input type="checkbox"/>
Community Space	1,000		<input checked="" type="checkbox"/>
Swimming Pool			<input type="checkbox"/>
Community Service Facility			<input type="checkbox"/>
Office	500		<input checked="" type="checkbox"/>
Commercial Kitchen or Food Service Space (for supportive or senior housing)			<input type="checkbox"/>
Other			<input type="checkbox"/>

OTHER BASIS CONSIDERATIONS

Will any of the project financing be treated as or considered to be a Federal Grant or Tax-Exempt obligation

(Code Sec. 103)? Yes No

If yes, provide the following information

Source of Funds

Amount

Select one of the following:

- 4% credit
- Subtract from basis

Select one of the following:

- 4% credit
- Subtract from basis

TAX EXEMPT BOND FINANCING

Are tax exempt bonds to be issued? Yes No

If yes, complete the following:

Total Aggregate Basis

Total Tax Exempt Bonds

Name of Bond Issuer

Date of allocation of bond volume cap

ACQUISITION/REHABILITATION

Total Rehabilitation Expense	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>
Lowest average rehabilitation attributable qualified basis per low income unit/building	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>
Average rehabilitation expense per low income unit per project	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>
Adjusted basis	<input style="width: 150px; height: 20px;" type="text"/> x 20% =	<input style="width: 150px; height: 20px;" type="text"/>

HOUSING TAX CREDIT INFORMATION

BUILDING GRID	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Address of Building (list all buildings separately)	Date of Substantial Rehab by Seller	Date of Acquisition by Seller	Date of Original Certificate of Occupancy	Actual / Proposed Date of Rehab by Applicant	Number of Years Between Placed in Service (later of column 2, 3 or 4) and Rehab	Is 10 year rule violated for this project?	Average rehabilitation attributable qualified basis per low income unit for this building
7075 Amundson Avenue							
Total Buildings							

1

If less than 10 years since last placed in service, is the project eligible for:

- Exemption under 42(d)(2)(D) Exemptions for certain transfers, including but not limited to buildings placed in service by government or nonprofit, or buildings acquired through foreclosure.
- Exemption under 42(d)(6)(A) Exemption for state- or federally-assisted building.
- Waiver under 42(d)(6)(B) Waiver for buildings acquired from insured depository institutions in default.
If eligible for waiver, what is actual or proposed waiver date?

Please refer to IRS section 42 for complete details about eligibility under these rules.

DETERMINATION OF CREDIT

PROJECT APPLICABLE FRACTION

Type of Residential Rental Units	# of Units	Sq Ft
HTC Low Income Units	62	65,810
Market Rate Units / Non-HTC Units		
Total # HTC Low Income + Market Rate	62	65,810
Unit and Area Fractions	100.00%	100.00%
Applicable Fraction (Lesser of Unit or Area Fraction)	100.00%	
Employee / Common Space Units		
Total Number and Square Feet of Units	62	65,810

HISTORIC CREDITS

	State	Federal
Total Historic Basis		
Rebates		
Qualified Rehabilitation Expenditures		
Applicable Percentage	20%	20%
Historic Tax Credits		
Investor Ownership Percentage		
Investor Tax Credits		
Equity Factor		
Historic Credit Syndication Proceeds		

TAX CREDIT BASIS CALCULATION

	4%	9%	Total
Total Basis		14,100,471	14,100,471
Less federal grant(s) used to finance qualifying development costs			
Less amount of nonqualifying nonrecourse financing			
Less nonqualifying excess portion of higher quality units			
Less Historic Tax Credit (Residential Portion Only)			
Less Rebates		15,780	15,780
Total Eligible Basis		14,084,691	14,084,691
High Cost Adjustment		4,225,407	4,225,407
Total Eligible Basis Adjusted for the High Cost		18,310,098	18,310,098
Applicable Fraction	1.0000	1.0000	
Total Qualified Basis		18,310,098	18,310,098
Applicable Percentage		9.00%	
Tax Credit Potential For Project		1,647,909	
Annual Tax Credits From Basis Calculation		1,647,909	

Portion not elig for High Cost Adj:

4%	9%

TAX CREDIT EQUITY GAP CALCULATION

Applicable Sources will populate from the Capital Sources of Funding Grid

Source	Amount
First Mortgage	5,664,000
State Historic Proceeds	
Federal Historic Proceeds	
Deferred Loan Request	
Sales Tax Rebate	
Energy Rebates	15,780
Met Council Environmental	400,500
ERF Environmental	247,340
Tree Grant	14,350

DETERMINATION OF CREDIT

Total Sources of Funds from above	6,341,970	
Total Development Costs	16,990,368	
Funding Gap	10,648,398	
Equity Factor/Syndication Rate	0.9600	
10 Year Credit Gap	11,092,081	
Annual Credit Gap	1,109,208	
Annual Basis Credit	1,647,909	
Maximum Tax Credit Allowed	1,109,208	
MN Housing Approved Maximum Tax Credit	1,109,208	
Credit Amount Previously Allocated and/or Reserved		
Maximum Credit Requested at this time	1,062,143	<input type="checkbox"/>
Total Calculated Credit Allocation	1,062,143	Requesting waiver of limit per development
Manual Credits Requested at this time	1,062,143	
Ten Year Gross Tax Credits	10,621,430	
Equity Factor	0.9600	
Investor Ownership Percentage	99.99%	
Gross Syndication Proceeds	10,195,553	
Manual Syndication Proceeds		

TAX CREDIT SYNDICATION

If individual, attach a description explaining how the tax benefits will be used.

Type of Offering: Syndicated
 Individual/Private Placement

Housing Tax Credits					
Pay-In Amount	% of Proceeds	Anticipated Date of Pay-In	Describe Milestones	Required Reserve Amounts	Developer Fee Amount
2,039,111	20.00%	7/1/2020	Initial Closing		
7,354,922	72.14%	1/1/2022	Construction Completion		
801,521	7.86%	4/1/2022	Stabilization	263,857	451,765
10,195,554	100.00%			263,857	451,765

Historic Tax Credits					
Pay-In Amount	% of Proceeds	Anticipated Date of Pay-In	Describe Milestones	Required Reserve Amounts	Developer Fee Amount

DEVELOPMENT TEAM

Sponsor /Barent Company	MWF Properties, LLC (Jay Weis and Erik Weis)
Address	7645 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55423
Federal Tax ID #	41-4962870
Director/CEO/President	Jay Weis
Phone	612-243-5000
Fax	612-243-5010
Email	JayWeis@weisbuilders.com
Contact Person and Title	Chris Stokka, Development Manager
Phone	612-243-4636
Fax	612-243-5010
Email	ChrisStokka@mwfproperties.com

Developer	Edina Group Development LLC
Contact Person	Chris Stokka
Address	7645 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55423
Phone	612-243-4636
Cell Phone	
Email	ChrisStokka@mwfproperties.com

Owner/Mortgagor	Amundson Flats, Limited Partnership
Contact Person	Chris Stokka
Address	7645 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55423
Phone	612-243-4636
Cell Phone	
Email	ChrisStokka@mwfproperties.com

General Partner 1	Edina Group LLC
Contact Person	Chris Stokka
Address	7645 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55423
Phone	612-243-4636
Cell Phone	
Email	ChrisStokka@mwfproperties.com
% of ownership	0.010%

General Partner 2	
Contact Person	
Address	
City	
State	
Zip Code	
Phone	
Cell Phone	
Email	
% of ownership	

General Partner 3	
Contact Person	
Address	
City	
State	
Zip Code	
Phone	
Cell Phone	
Email	
% of ownership	

Processing Agent	
Contact Person	
Address	
City	
State	
Zip Code	
Phone	
Cell Phone	
Email	

Guarantors: Please list each below	
Guarantor 1	Jay Weis
Guarantor 2	Erik Weis
Guarantor 3	
Guarantor 4	
Guarantor 5	
Guarantor 6	
Guarantor 7	
Guarantor 8	
Guarantor 9	
Guarantor 10	
Guarantor 11	
Guarantor 12	
Guarantor 13	
Guarantor 14	

Architect	Miller Hanson Architects
Contact Person	Karen Gjerstad
Address	218 Washington Avenue N #230
City	Minneapolis
State	MN
Zip Code	55401
Phone	612-332-5420
Cell Phone	
Email	kgerstad@millerhanson.com

Management Company	Velair Property Management
Contact Person	Sarah Kohler
Address	7645 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55423
Phone	612-886-2491
Cell Phone	
Email	sarahkohler@velairmanagement.com

Service Provider	ReEntry House, Inc.
Contact Person	Lynda Merkens
Address	5812 Lyndale Avenue South
City	Minneapolis
State	MN
Zip Code	55419
Phone	612-243-4124
Cell Phone	612-243-4120
Email	Lynda.Merkens@reentryhouse.org

Tax Credit Syndicator	US Bank
Contact Person	Kyle Kochtanek
Address	1307 Washington Avenue
City	St. Louis
State	MO
Zip Code	63103
Phone	314-335-3355
Cell Phone	573-268-2557
Email	kyle.kochtanek@usbank.com

General Contractor	Eagle Building Company, LLC
Contact Person	Chad Weis
Address	6636 Cedar Avenue South, Suite 140
City	Minneapolis
State	MN
Zip Code	55423
Phone	612-378-1115
Cell Phone	
Email	chadweis@eaglebuildingllc.com
Is there an identity of interest with either Owner or Developer?	Yes

Attorney	Winthrop & Weinstine, P.A.
Contact Person	Jeff Koerselman
Address	225 South Sixth Street, suite 3500
City	Minneapolis
State	MN
Zip Code	55402
Phone	612-604-6702
Cell Phone	
Email	jkoerselman@winthrop.com

DEVELOPMENT TEAM

Construction/Bridge Lender	US Bank, NA
Contact Person	
Address	
City	
State	
Zip Code	
Phone	
Cell Phone	
Email	

Title Company	First American Title Company
Contact Person	Jim Erickson
Address	801 Nicollet Mall, Suite 1900
City	Minneapolis
State	MN
Zip Code	55402
Phone	612-305-2005
Cell Phone	
Email	jerickson@firstam.com

First Mortgage Lender	Bridgewater Bank
Contact Person	Tyler Manning
Address	370 Wabasha Street North, Suite 1500
City	Saint Paul
State	MN
Zip Code	
Phone	952-283-3739
Cell Phone	
Email	tyler.manning@bwb.com

Exhibit E

Form of Memorandum of Redevelopment Agreement

Memorandum of Redevelopment Agreement

This Memorandum of Redevelopment Agreement (this "Memorandum") is entered into as of June 11, 2020, by and between the HOUSING AND REDEVELOPMENT AUTHORITY OF EDINA, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota ("Authority"), and AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership ("Developer").

RECITALS:

A. The Authority and Developer (collectively, the "Parties") have entered into a certain Redevelopment Agreement dated as of June 11, 2020 (the "Agreement"), whereby the parties have agreed to various aspects of the redevelopment of certain real property more particularly described on the attached Exhibit A, together with all improvements, tenements, easements, rights and appurtenances pertaining to such real property, lying and being in Hennepin County, Minnesota (the "Property").

B. The parties wish to give notice of the existence of the Agreement.

AGREEMENT:

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

1. The above recitals are incorporated by reference as if fully set forth herein.
2. Capitalized terms, when not defined herein, shall have the meanings ascribed to them in the Agreement.
3. The Parties have entered into the Agreement to set forth the terms and provisions governing the redevelopment of the Property.
4. This Memorandum has been executed and delivered by the Parties for the purpose of recording and giving notice that a contractual relationship for the redevelopment of the Property has been created between the Parties in accordance with the terms, covenants and conditions of the Agreement.
5. The terms and conditions of the Agreement are incorporated by reference into this Memorandum as if fully set forth herein.
6. This Memorandum may be executed separately in counterparts which, when taken together, shall constitute one and the same instrument.

[Remainder of page left blank intentionally; signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the date first written above.

HOUSING AND REDEVELOPMENT
AUTHORITY OF EDINA, MINNESOTA

By _____
James B. Hovland, Chair

By _____
Michael Fischer, Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of June, 2020, by James B. Hovland and Michael Fischer, the Chair and Secretary, respectively, of the Housing and Redevelopment Authority of Edina, Minnesota, on behalf of said Authority.

Notary Public

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Christopher J. Stokka
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of June, 2020, by Christopher J. Stokka, the Chief Manager of Edina Group LLC, a Minnesota limited liability company, the general partner of Amundson Flats, Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership.

Notary Public

THIS DOCUMENT WAS DRAFTED BY:

Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, MN 55402-1498

Exhibit A

Legal Description

Part 1:

Lot 2, Block 1, Amundson's Terrace.

Part 2:

That part of the most Northerly 70 feet of Tract B, Registered Land Survey No. 1193, Hennepin County, Minnesota, lying West of the Southerly Extension of the East line of Lot 2, Block 1, Amundson's Terrace.

Hennepin County, Minnesota

Exhibit F

Inclusionary Housing Policy Program Guide

Affordable Housing Program Policy Guide

March 2020



Table of Contents

Introduction to the Affordable Multi-Family Housing Program (AHP)	4
Chapter 1 – Overview of Affordable Housing Program Policy	5
1.01 <i>Period of Affordability (POA)</i>	5
1.02 <i>Affordable Dwelling Units (ADUs)</i>	5
<i>Affordability Standards – Rental Projects</i>	5
<i>Affordability Standards – For Sale Projects</i>	6
1.03 <i>Student Households</i>	6
1.04 <i>New Multi-Family Affordable Housing Program (AHP) Rent Limits</i>	6
1.05 <i>Rental Assistance</i>	7
1.06 <i>Allowable Fees and Charges</i>	7
1.07 <i>Fixed or Floating Affordable Dwelling Units</i>	8
1.08 <i>Rent Increases</i>	8
1.09 <i>Utility Allowances</i>	8
1.10 <i>Record Retention</i>	10
1.11 <i>Leases</i>	10
1.12 <i>Income Certification</i>	11
1.13 <i>Increases in Income</i>	11
1.14 <i>Property Standards</i>	11
1.15 <i>Affirmative Fair Housing Marketing Plan</i>	12
1.16 <i>Fair Lease and Grievance Procedures</i>	12
Chapter 2 – Maintaining the Unit Mix	12
2.01 <i>Fixed Affordable Dwelling Units</i>	13
2.02 <i>Floating Affordable Dwelling Units</i>	13
Chapter 3 – General Occupancy Guidelines	15
3.01 <i>Qualification of Applicants</i>	15
3.02 <i>Eligibility Determination</i>	16
3.03 <i>Change in Household Composition</i>	16
3.04 <i>Minimum Lease Requirements</i>	17
3.05 <i>House Rules</i>	17
3.06 <i>Number of Persons Per Unit</i>	17
3.07 <i>Tenant Selection Plan</i>	18

3.08	<i>Government Data Practices Act Disclosure Statement Form</i>	18
3.09	<i>Income Verification</i>	19
3.10	<i>Gross Annual Household Income</i>	19
3.11	<i>Factors that Affect Household Size</i>	20
3.12	<i>General Income Verification Requirements</i>	21
3.13	<i>Corrections to Documents</i>	24
3.14	<i>Effective Term of Verifications</i>	24
3.15	<i>Over Income Households</i>	24
3.16	<i>Annual Recertification</i>	24
3.17	<i>Tenant Files</i>	25
Chapter 4 – Reporting Requirements		27
4.01	<i>Annual Owner/Agent Certifications</i>	27
4.02	<i>Compliance Reports</i>	27
4.03	<i>Utility Allowance Source Document</i>	27
Chapter 5 – Compliance Inspections		28
5.01	<i>Physical Inspections</i>	28
5.02	<i>Review of Tenant Files and Property Records</i>	28
Chapter 6 – Correction and Consequences of Non-Compliance		29
6.01	<i>Notice to Owner/Agent</i>	29
6.02	<i>Correction Period</i>	29
6.03	<i>Owner’s/Agent’s Response</i>	29
Chapter 7 – Requests for Action		31
7.01	<i>Sale or Transfer</i>	31

Introduction to the Affordable Multi-Family Housing Program (AHP)

Properties developed using financing from the City of Edina, or because of our policy for New Multi-Family Affordable Housing, are subject to specific rules designed to ensure that affordability pledges made by owners and developers remain available to very low and low income tenants (30% to 60% of Area Median Income) throughout the required Period of Affordability (the POA). This Guide is designed to assist owners and their agents with planning and maintaining compliance with the local requirements associated with these rental properties that include affordable units. This guide does not pertain to the Market Rate units.

It is the responsibility of City of Edina Housing and Redevelopment Authority (hereafter the “HRA”) to monitor the continuing compliance of affordable units in accordance with local policy and governing agreements throughout the POA. The following procedures apply to all rental properties that received funds or a Planned Unit Development (PUD) under the local policy on New Multi-Family Affordable Housing (AHP). Any violation of the AHP requirements could constitute a covenant default of the governing agreement(s) and imposition of all local government rights and remedies.

While successful operation of an affordable property is management intensive, the owner/agent is responsible for ensuring that the governing agreement requirements are properly administered. Thorough understanding of requirements and compliance monitoring procedures requires training of owners/agents. The owner/agent should ensure that it knows and understands the requirements of the affordable housing policy and the compliance requirements since failure to comply may have very serious consequences. The HRA recommends that owners, management agents and site managers (collectively referred to as “owner/agent” throughout this document) receive compliance training before certifying or leasing any affordable units. At a minimum, training should cover key compliance terms, determination of rents, household eligibility, file documentation, procedures for maintaining the required unit mix and reporting. Record retention and property condition standards are also key to maintaining compliance. Attending educational opportunities as offered is strongly recommended to keep up with any procedural changes to the AHP.

Should the AHP assisted property also receive an allocation of Section 42 tax credits (Low Income Housing Tax Credits or LIHTC), and the property is found to be compliant with the tax credit program, then the HRA will consider the property compliant with the AHP.

Owners/Agents of AHP assisted properties must annually certify to the HRA that the property is compliant with the Low Income Housing Tax Credit program.

The HRA’s determination to monitor the project for compliance with requirements of the AHP does not make it liable for an owner’s/agent’s noncompliance. This Guide will be made available to the owner/agent at project financial closing and will be posted on the City’s website. The HRA, in its sole discretion, may delegate its compliance reporting and monitoring responsibilities to a third-party. AHP assisted properties will have a compliance review at initial lease up and every third (3rd) year thereafter. However, the HRA reserves the right to conduct a

compliance review annually. During the compliance review, the HRA or third-party monitoring agent, will ensure compliance against City Agreements by inspecting records of residential student status, income and asset documentation, and rent record for each resident household for all project's AHP assisted units. The first review for new projects will occur no later than the end of the second year of the period of affordability.

Chapter 1 – Overview of Affordable Housing Program Policy

The following is an overview the Affordable Housing Policy. It is not intended to be detailed or comprehensive. The requirements of the AHP apply to market rate residential developments that receive a PUD approval from the City of Edina and/or financial assistance from the HRA. This includes new developments and mixed-used developments that create twenty (20) or more multi-family dwelling units and/or any change in use of all or part of an existing building from a non-residential use to a residential use that includes at least twenty (20) dwelling units.

1.01 Period of Affordability (POA)

Affordable units created under the Affordable Housing Policy (AHP) are rent and income controlled for a minimum of 20 years with a maximum established by the funding source and reflected in the binding agreement. This term is referred to as the Period of Affordability or POA.

Owners/agents should refer to the property's governing agreements, at project commitment, to determine the specific terms and conditions that govern the property, as the affordability period was increased from 15 years to 20 years in March 2019.

Project Commitment is a schedule of commitments within the project's Financing Agreement(s) between the parties hereto, such as the authorizing Resolution, Development Agreement and/or Loan Documents, dated as of the Execution Date and their related agreements.

1.02 Affordable Dwelling Units (ADUs)

At least ten percent (10%) to twenty percent (20%) of the total number of dwelling units in a development receiving a PUD and/or assisted with local funds under the AHP will be designated as Affordable Dwelling Units (ADUs). The percentage applied is based on the affordability standard of the development.

Affordability Standards – Rental Projects

If an AHP property also is assisted with Low Income Housing Tax Credits (LIHTC), the AHP Affordability Standard is based on the LIHTC election (Income Averaging, 20/50 or 40/60 set aside).

If an AHP property is NOT assisted with LIHTC, then the HRA together with the owner will determine which affordability standard applies. The legal document executed with the HRA determines the standard.

10% at 50%

At least ten percent (10%) of total units developed shall be occupied by households at or below fifty percent (50%) of the MTSP (Multifamily Tax Subsidy Income Limits, i.e. tax credit income limits).

20% at 60%

At least twenty percent (20%) of total units developed shall be occupied by households at or below sixty percent (60%) of the MTSP.

Affordability Standards – For Sale Projects

At least ten percent (10%) of total units developed shall be affordable for households as follows:

1-2 person household	\$100,000
3+ person household	\$115,000

Adjusted annually by Minnesota Housing as posted on their website.

1.03 Student Households

AHP adopted the Section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612 and excludes any individual that:

- 1. Is enrolled in a higher education institution;
- AND
- 2. Is under the age of 24; and
- 3. Is not a veteran of the US Military; and
- 4. Is not married*; and
- 5. Does not have a dependent child(ren); and
- 6. Is not a person with disabilities; and
- 7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income

* Effective August 1, 2013 same-sex marriages are recognized as marriages for student eligibility purposes.

1.04 New Multi-Family Affordable Housing Program (AHP) Rent Limits

Every ADU is subject to maximum allowable rents based on bedroom size for the area in which the property is located. These maximum rents are referred to as the AHP rents. These limits represent the maximum that owners/agents can charge for rent, including an allowance for

tenant paid utilities, and other non-optional charges (i.e. parking, required renter's insurance, etc.). AHP will utilize the U.S. Department of Housing and Urban Development annually published median income amounts for all Minnesota counties. Minnesota Housing uses these amounts to calculate the maximum allowable rents and tenant income. Minnesota Housing publishes the LIHTC income and rent limits on its website and notifies owners/agents of the updated limits as they become available. According to AHP, the date a Certificate of Occupancy is issued to a building will determine which rent and income limits to use. Minnesota Housing provides different tables (Table A, B, C, etc.) of income and rent limits based on your Certificate of Occupancy dates and updates these tables annually. To avoid noncompliance, be sure you are using the correct limits table.

In the event AHP rent limits decrease for an area, or utility allowances increase, an owner/agent may be required to reduce the rent charged but will not be required to lower rents below those in effect at the time when the Development Agreement was signed by the City.

1.05 Rental Assistance

Tenant Based Section 8 Housing Choice Vouchers. Tenants with Section 8 vouchers, or similar state or federal tenant based rental assistance (TBRA) subsidies tied to a tenant and not a unit, *may* be charged rent that exceeds the applicable AHP rent for the unit to an extent allowed by HUD, Metro HRA, and/or the most restrictive funding source. ADUs layered with tenant or project based rental assistance qualify households using the Very Low-Income limits (<50%) and the household pays no more than 30% of its monthly adjusted income for rent; ADU rent therefore remains affordable.

Tenants receiving rental assistance, including Section 8 subsidy, must not be refused tenancy in an ADU based solely on the fact that they receive rental assistance. For eligibility purposes, the tenant selection plan must indicate that household income does not need to equal at least two times the unit rent (or any variation thereof) as long as the published Payment Standard subsidy can cover the project's intended rent. The HRA annually publishes Payment Standards (a rent limit for using a Section 8 Housing Choice Voucher. Payment standards are set by each housing authority. They differ for bedroom size and property location).

1.06 Allowable Fees and Charges

Fees considered reasonable and customary may be charged, such as application fee, if such fees are customary for rental housing in the neighborhood. Fees for parking or services such as bus transportation or meals can only be charged if the services are voluntary and are not a condition of occupancy. An eligible tenant cannot be charged a fee for the owner or manager's work involved in completing the additional forms or documentation required for the AHP, such as the Resident Income Certification.

Down payment fees/rent deposit for the ADU should not exceed one month's rent.

1.07 Fixed or Floating Affordable Dwelling Units

ADUs may be “fixed” or “floating” and are designated on a property-by-property basis. The enforcement agreement **must** contain fixed or floating unit designations.

Fixed Units – The ADUs are identified by unit number and never change. Development Agreements may outline a specific quantity of bedroom sizes and square footage, including minimum floor space, when considering the placement of ADUs within the project. Units in properties where all units are ADUs automatically are considered fixed.

If units throughout a project are not comparable (as defined by the HRA) or are in several scattered sites, the ADU unit designation must be fixed.

Floating Units – The ADUs may change over time as long as the total number of ADUs and specific quantity of bedroom sizes or ADU total square footage in the property remains compliant with the original Development Agreement. If a property’s enforcement agreement does not specify floating units, then the units that were initially designated as ADUs at project completion will be used to determine comparable floating units.

See Chapter 2, Maintaining the Unit Mix, for more information.

1.08 Rent Increases

If ADU rents remain below the maximum allowed, an owner/agent may impose a rent increase as allowed by the enforcement agreement no earlier than one year from the date the project was completed (date the building Certificate of Occupancy was issued) and no more frequently than once a year thereafter. If an owner/agent wishes to increase rents, the request must be within reasonable limits to cover increases in expenses such as real estate taxes or operating expenses. At no time can proposed rent increases exceed the current MTSP (LIHTC rents) rent limits for that development.

If the owner/agent increases rents as provided above, tenants must be given a written notice 90 days in advance or in accordance with lease provisions before implementation.

1.09 Utility Allowances

The AHP requires that an allowance for tenant paid utilities be considered as a housing cost to the tenant and be factored in when determining rent for an ADU. The HRA approved the use of Metro HRA’s Utility Allowance Schedule (effective 2/1/18 and amended annually) as the document to use to determine an ADU’s utility allowance. Utility allowance schedules are usually updated annually. It is the owner’s/agent’s responsibility to obtain an updated utility allowance and retain it in the property records. Changes in utility allowances must be implemented within 90 days of the publication effective date. If an increase in the utility allowance causes the ADU rent to exceed the applicable AHP rent limit, the unit rent must be adjusted (lowered) to bring the gross rent of the unit into compliance with the AHP rent limits. However, at no time will the ADU rent be adjusted to an amount lower than the ADU rent in place at project commitment.

An alternative estimate for utility payments may be used, as allowed by Section 42 and approved by the City. Utility allowance methodology change requests and all supporting documentation must be emailed to the Affordable Housing Development Manager at the City for approval. Requests for a change in the property's established utility allowance methodology, to one of the approved utility allowance methodologies should reflect savings from energy efficiency improvements in a manner that is fair to tenants, financially feasible for owners and reduces long-term public subsidy expenditures.

General Submission Requirements

Each request for a change in utility allowance methodology must include:

1. Cover letter with the current utility allowance and proposed utility methodology
2. A current utility allowance schedule (i.e. local Metro HRA Utility chart) completed with tenant paid utilities
3. Copy of 90-day Notice to the resident including new Utility Allowance and Tenant Rent
4. Utility Allowance Certification, signed and dated
5. Supporting documentation as required (estimate from a properly licensed engineer for example)

Allowable Utility Allowance Methodologies

The property owner may request to use one or more of the following utility allowance methodologies that meets the AHP requirements. If the project has multiple funding sources, the rents must comply with the program gross rent limits for each program. If the project also has Section 8 Project Based Assistance, the PBA administrator determines the UA schedule for the unit.

PHA Utility Method: The local PHA utility allowance for the voucher program. This is the typical current method of establishing Utility Allowances used by most Section 42 LIHTC projects. Owners may request consideration of a different utility allowance methodology from the following alternatives:

1. HUD Utility Schedule Model (HUSM): An estimate calculated via HUD's online Utility Schedule Model, using recent utility rates. The HUSM enables users to calculate utility schedules using a project specific methodology by entering the property housing type, and utility rate information (tariffs) for the property location. This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy and it incorporates energy efficiency and Energy Star data. The HUSM (web based and Excel format) and use instructions can be accessed on the HUD Exchange website User at: <https://www.hudexchange.info/trainings/courses/hud-utility-schedule-model-calculating-utilityallowances-for-home-webinar1/>
2. Utility Company Estimate (UCE): An estimate from a local utility company providing the estimated cost of utilities for a unit of similar size and construction for the project or from the geographic area where the project is located.
3. Energy Consumption or Engineered Model (ECM): An estimate from a properly licensed engineer, or qualified professional, using an energy consumption model that takes into

account the unit size, building orientation, design and materials, mechanical systems, appliances and characteristics of the building location. If the ECM report is completed by a qualified professional that is not a properly licensed engineer, the request must include additional information to support the qualifications and experience of the qualified professional in providing energy consumption utility allowance reports. The engineer or qualified professional must be licensed in Minnesota.

If the property is regulated by HUD, or another form of project-based subsidy, the program-approved utility allowance may be used.

1.10 Record Retention

Owners/agents must retain each household's initial application forms including household income and asset documentation and lease and leasing agreements/addenda for three (3) years after the tenant's move out effective date.

Owners/agents must maintain applicant and tenant information in a way to ensure confidentiality. Any applicant or tenant affected by negligent disclosure or improper use of information may bring a civil action for damages against the owner/agent and seek other relief, as appropriate. Owners/agents must dispose of records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

1.11 Leases

Each lease must include the legal name(s) of the parties to the agreement and all other occupants, a description of the unit to be rented (address), the term of the lease, the rental amount, the use of the premises, and the rights and obligations of each party. The lease shall also inform the tenant that fraudulent statements and information are grounds for eviction and that the tenant could become subject to penalties available under federal law.

Initial leases for ADUs must be for 12 months unless another term is agreed to mutually by owner/agent and tenant. If tenant agrees to a shorter term, that agreement must be in writing and kept in the tenant's file. At no time can a lease term be for less than 30 days.

ADU leases must contain language that the owner/agent reserves the right to adjust tenant rents in accordance with the AHP rent limits and/or in the event a tenant's income increases above the income limits of the AHP.

The lease also must contain a provision that the owner/agent retains the right to recertify the tenant's income and household composition on an annual basis. The tenant's failure to cooperate with the annual recertification constitutes a violation of the lease.

If the lease used for the ADU unit does not contain any of the required provisions and/or contains any prohibited provisions, an AHP Lease Addendum must be signed by the tenant and

kept in the tenant's file. If a new lease is executed, a new AHP Lease Addendum also must be executed. Prohibited lease terms are defined in the AHP Lease Addendum (see Appendix B).

Owner/Agent may not evict or terminate resident (including refusal to renew a lease) without good cause. Good cause is (a) serious or repeated violation(s) of the material terms and conditions of the Resident Lease. Use of the AHP Lease Addendum including the AHP Lease Rider outlining provisions on evictions and terminations is mandatory.

During the final year of the POA, new leases for the Affordable Units must be for a term of no less than six months, and such newly leased Affordable Units will be subject to all the Affordable Housing Requirements until the expiration of such new leases.

An AHP Lease Addendum is not required when the HUD model lease for subsidized housing is used.

1.12 Income Certification

The owner/agent must verify and certify tenant income eligibility and student status at move in and recertify at least annually thereafter. At initial move in, or when first being determined eligible for an ADU and in every 3rd year of the affordability period (not tenancy), household composition, income and income from assets must be verified via third-party verification or other forms of supporting documentation and kept in the tenant's file. In other years, tenants must, at a minimum, self-certify to their anticipated income (including income from assets), family size, and composition.

As part of the monitoring process, tenant files will be reviewed at initial occupancy of the project and every 3rd year thereafter.

1.13 Increases in Income

The owner/agent must ensure that any household whose anticipated gross income exceeds 140% of the maximum income limit at recertification pays not less than the market or similar rent as the other non-ADUs in the development. A minimum notice of 60 days is required for increases to tenant rent. The unit must be marketed to eligible tenants when vacated. If the units are floating, the rent is increased, and the next available unit must be rented at affordable rates to an income eligible tenant. Conversely, the tenant whose income increase to above 140% of AMI could be relocated to a Market Rate unit if the affordable units are fixed.

For units assisted with both AHP funds and Low Income Housing Tax Credits (LIHTC), a tenant is not considered over income until income exceeds the applicable 140% LIHTC limit. When a tenant's income exceeds the 140% LIHTC limit, the tenant's rent is adjusted to the LIHTC rent limit if the project is 100% LIHTC or, if the project is mixed income, to the market rent for similar non-ADUs in the property.

1.14 Property Standards

The owner/agent must keep all units in compliance with local codes and other applicable state and local building codes to ensure the units are decent, safe, and sanitary at all times.

1.15 Affirmative Fair Housing Marketing Plan

Owners/agents must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations and other transactions. The Equal Housing Opportunity logo or statement must be used in all advertising of vacant units (*We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin*).

In addition to the federal protections mentioned above, the Minnesota Human Rights Act makes it illegal to discriminate against any person with respect to housing and real property, because of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation or familial status.

A file must be maintained with all marketing efforts related to the property including newspaper ads, social service contacts, photos of signs posted, etc. Records will be reviewed during on site monitoring to ensure that all efforts follow federal requirements and are being adequately documented.

1.16 Fair Lease and Grievance Procedures

Fair lease and grievance procedures should be objective. They should clearly state:

- To whom a tenant should direct a complaint;
- Who will investigate and/or respond to the complaint; and
- By when the tenant should expect to receive a response. Chapter 2 – Maintaining the Unit Mix

Chapter 2 – Maintaining the Unit Mix

2.01 Fixed Affordable Dwelling Units

Properties with units that are not comparable in terms of size, amenities and features must have **fixed ADUs**. Fixed ADUs means specific units are designated as the ADUs for the duration of the affordability period. Owner/Agent must maintain these specific units as the ADUs.

Maintaining the required number of ADUs, is called complying with the **unit mix requirements**. At no time will non-ADUs be subject to AHP rent and income requirements when the ADUs are fixed.

When an owner/agent recertifies a tenant's income, the tenant's income may have increased. A tenant is considered "**over income**" in the AHP when:

- The tenant occupies an ADU and the tenant income increases to 140% of the current income limit for that family size; or
- For ADUs that are also LIHTC units, a tenant is considered "over income" when its income goes over 140% of the qualifying tax credit election (Average Income, 50% or 60%) for that unit.

When a tenant is over income, the unit that the tenant occupies is considered **temporarily out of compliance** with the AHP's occupancy and unit mix requirements. Temporary noncompliance due to an increase in an existing tenant's income is permissible if the owner/agent takes specific steps to restore the correct unit mix in the property as soon as possible. When the tenant's income exceeds the AHP's income limit (140%), the unit rent also must be adjusted.

The owner/agent cannot terminate the lease immediately if the tenant's income has increased above the AHP income limit. Instead, the owner/agent may extend /renew the lease for up to six months. If the tenant remains over income at the time of the next recertification, a 60-day notice to vacate may be issued to the tenant. If the tenant is determined to be under the AHP income limit at the time of recertification, the unit is considered back in compliance.

2.02 Floating Affordable Dwelling Units

Properties with units that are comparable in terms of size, amenities and features can have **floating ADUs**. Properties with floating ADUs must maintain the required number of ADUs throughout the POA; however, the initial ADUs do not have to remain as ADUs throughout the POA.

When ADUs float, the specific units that carry the ADU designation may change, or float, among assisted and non-assisted units during the POA. If/when an initial ADU goes out of compliance due to a tenant's income going over the AHP (or LIHTC) income limit, a non-ADU can replace the out of compliance ADU if the tenant income and unit rent of the non-ADU meet the ADU requirements. In other words, the ADU designation "floats" to another unit.

For example, if a property has an over-income tenant in an ADU, when the next non-ADU comparable unit becomes available, it will be designated as an ADU and rented to an income eligible tenant. The unit occupied by the over income tenant is redesignated as a market rate unit.

Maintaining the required number of comparable ADUs is called complying with the **unit mix requirements**.

When recertifying a tenant's income, an owner/agent may find that the tenant's income has increased. A tenant is considered "**over income**" when:

- The tenant occupies an ADU and the tenant income increases over the current AHP income limit (140% AMI) for that family size; or
- In ADUs that are also LIHTC units, a tenant is considered "over income" when its income increases to 140% or more of the qualifying tax credit election (50% or 60%) for that unit.

When a tenant is over income, the unit that the tenant occupies is considered **temporarily out of compliance** with the AHP's unit mix requirements. Temporary noncompliance due to an increase in an existing tenant's income is permissible if the owner/agent takes specific steps to restore the required unit mix in the property. The rents of the over income tenants can be adjusted.

When redesignating units in a property with floating ADUs, owner/agent can choose to substitute a unit that is equal or "greater" than the original ADU, but generally they cannot substitute one that is "lesser". A lesser unit can be substituted only when doing so preserves the original unit mix. A greater unit is one that might be considered preferable because of larger size or additional bedrooms. The goal is to maintain the same number and type of ADUs as were designated originally. Therefore, if an owner/agent makes a substitution that is "greater," it later can substitute an available unit that is "lesser" to restore the original unit mix.

Once a comparable non-ADU unit is designated as the new ADU, the unit with the over income tenant is redesignated as a non-ADU or market rate unit. At this point, the owner/agent may adjust the tenant's rent without regard to the AHP rent requirements (although requirements from other funding sources still may apply). Rent increases are subject to the terms of the lease.

Note, a tenant in a floating ADU whose income exceeds AHP income limit is not required to pay more than the market rent for a comparable, unassisted unit in the property.

The owner/agent cannot terminate the lease based on the tenant's increase in income.

Chapter 3 – General Occupancy Guidelines

3.01 Qualification of Applicants

Applicants for ADUs shall be advised early in their initial visit to the property that there are maximum income limits that apply to these units. They also will be made aware that the anticipated income of all persons expecting to occupy the unit must be verified and included on a Resident Income Certification form prior to occupancy, and that tenant income and student status will be reviewed annually.

If an individual is enrolled as a student at an institution of higher education, is under the age of 24, is not a veteran, is not married, is not a person with disabilities, and does not have a dependent child, in order to be eligible for a ADU, the student must be individually income eligible and the student's parents (the parents individually or jointly) must be income eligible unless the student can demonstrate his or her independence from parents.

AHP has adopted the section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612, which exclude any student that:

1. Is enrolled in a higher education institution.
2. Is under the age of 24.
3. Is not a veteran of the US Military.
4. Is not married**.
5. Does not have a dependent child(ren).
6. Is not a person with disabilities.
7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income.

****Effective August 23, 2013, same-sex marriages are recognized as marriages for student eligibility purposes.**

To determine a student's independence from his or her parents, the owner should consider **all** of the following:

1. The individual must be of legal contract age under state law; and
2. The individual must have established a household separate from parents or legal guardians for at least one year prior to application for occupancy, **or** the individual must meet the U.S. Department of Education's definition of an independent student; and
3. The individual must not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations; and
4. The individual must obtain a certification of the amount of financial assistance that will be provided by parents, signed by the individual/s providing the support. This certification is required even if no assistance will be provided.

To document a student's independence from parents:

1. Review and verify previous address information to determine evidence of a separate household, or verify the student meets the U.S. Department of Education's definition of "independent student"; and
2. Review prior year income tax returns to verify if a parent or guardian has claimed the student as a dependent (except if the student meets the Department of Education's definition of "independent student"); and
3. Verify income provided by a parent by requiring a written certification from the individual providing the support. Certification is also required if the parent/s is providing no support to the student. Financial assistance that is provided by persons not living in the unit is part of annual income.

Verification of student eligibility must be maintained in the tenant file along with the income certification.

3.02 Eligibility Determination

A fully completed Household Questionnaire is critical to an accurate determination of eligibility. The information furnished on the application should be used as a tool to determine all sources of anticipated income and assets.

After the tenant completes the Household Questionnaire, the owner/agent must have all income verified by obtaining source documentation (award letters, offers of employment, W-2's, check stubs (not paycheck), bank statements, investment records, etc.) or by a third-party (public agency, employer, financial institution). If total cash value of assets is less than \$50,000, assets can be self-certified using the Under \$50,000 Certification. Assets exceeding \$50,000 must be third-party verified. The application, income and asset verifications, and lease are to be executed prior to move in. All occupants in an ADU must be certified and have a valid lease on file. All household members age 18 and over must sign all required documents.

3.03 Change in Household Composition

If a tenant in an ADU (no LIHTC) wishes to have an additional person move into the unit within the first 6 months of occupancy, the following steps must be taken:

1. The prospective tenant must complete a Household Questionnaire and allow time for verification of income and assets as required of the initial tenant; and
2. The prospective tenant's income must be added to the current tenant's certification and a determination made as to whether the new household is still within the AHP income guidelines. If the new household income exceeds the guidelines, then once proper notice is given, the tenant must pay the market rate. If the ADU is floating, the ADU designation must be floated to another eligible unit. The new rent of the now over income household cannot exceed market rent for a comparable unassisted unit.

The tenant file shall also be documented when any household member vacates the unit.

3.04 Minimum Lease Requirements

Initial tenant leases, including a signed and dated AHP lease addendum (if applicable), must be on file and must specify a term of at least 12 months. Subsequent leases may have a shorter term, with written mutual agreement. Leases must not contain any of the prohibited lease terms. Any non-renewal or termination of leases must be in accordance with the lease and/or AHP lease addendum.

Owners/agents must comply with the lease requirements found in Section 601 of the Violence Against Women Reauthorization Act (VAWA) of 2013. HRA highly encourages owners/agents to use the VAWA Lease Addendum, form HUD-91067 or its successor VAWA Lease Addendum form. In general, owner/agent may not construe an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking as a serious or repeated violation of a lease term by the victim, or threatened victim, as good cause for terminating tenancy. However, in accordance with VAWA 2013, owner/agent may bifurcate a lease to terminate the tenancy of an individual who is a tenant or lawful occupant and engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against another lawful occupant living in the unit or other affiliated individual as defined in the VAWA 2013.

Owner/Agent should include a copy of HUD-5382 form with each tenancy termination or eviction notice to allow an individual to certify that he or she is a victim of domestic violence, dating violence, sexual assault or stalking. The form is to be completed and submitted to owner/agent within 14 business days or an agreed upon extension date for the individual to receive protection under the VAWA.

3.05 House Rules

Developing a set of house rules is a good practice. The decision about whether to develop house rules for a property rests solely with the owner/agent. If house rules are listed in the lease as an attachment, then they must be attached to the lease. By identifying allowable and prohibited activities in housing units and common areas, the owner/agent provides a structure for treating tenants equitably and for making sure tenants treat each other with consideration. House rules also are beneficial in keeping properties safe and clean and making them more appealing and livable for the tenants. They also are extremely beneficial if it becomes necessary to evict a tenant for inappropriate behavior. For more information on House Rules, refer to Chapter 6-9 of the HUD 4350.3 REV 1, Change 4 Handbook.

3.06 Number of Persons Per Unit

There is no federal regulation governing the number of persons allowed to occupy a unit based on size; however, at initial occupancy ADUs will have a minimum requirement of at least one person per bedroom. It is important, though, to be consistent when accepting or rejecting applications. It is required that the owner/agent determine the minimum and maximum number of people that will be allowed to occupy each size unit and put that formula in writing as part of the **Tenant Selection Plan** and submit the Plan to the HRA or designated agent for approval. The owner/agent may refer to the HUD Handbook 4350.3 REV 1, Change 4, Chapter

3-23, regarding occupancy standards. By following the standards described, owners/agents can ensure that applicants and tenants are housed in appropriately sized units in a fair and consistent manner.

3.07 Tenant Selection Plan

Owner/Agent must develop a formal written policy that clearly states the procedures and criteria the owner/agent will consistently apply in drawing applicants from the waiting list, screening for suitability for tenancy, and implementing income targeting requirements. The Tenant Selection Plan must state if there is an elderly restriction (“seniors only” building).

In accordance with the VAWA of 2013, the selection criteria cannot deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault or stalking. Owner/Agent should provide to each applicant/tenant HUD form 5382 or its successor form to allow the applicant/tenant to provide information regarding his or her status as a victim of domestic violence, dating violence or stalking.

Owners/agents may refer to the HUD Handbook 4350.3 REV 1, Change 4, Chapter 4, when developing a tenant selection plan. HRA will review the Tenant Selection Plan as part of its monitoring process.

3.08 Government Data Practices Act Disclosure Statement Form

In working with applicants and tenants, the owner/agent warrants compliance with applicable data privacy laws and regulations including the Minnesota Government Data Practices Act, which sets policies on the information that can be obtained, stored and/or released in connection with public programs. To comply with this law, the AHP Government Data Practices Act Statement form must be kept in each tenant's permanent file. Note that this is **not** a release authorization for verification of income and assets and must not be used as such. Each adult household member's name must be printed clearly at the top in the box provided. An unsigned and/or undated form is not valid and will be noted as insufficient at time of file inspection.

1. The form is to be signed one time and is valid as long as the resident lives at the property and participates in the program(s) identified in item #2 on page 1 of the form. If a resident moves from one unit to another, the original signed and dated form should be moved to the file for the new unit. A copy should be kept in the move out file for the old unit.
2. A valid form **must** include all relevant attachments. Some properties or units within a property may require 2 or more attachments for multiple programs.
3. Only one form is needed per unit as long as the head of household, spouse, co-head, and all household members over the age of 18 have signed and dated the form.
4. If an adult is added to the household or a minor reaches age 18, they must be added to, sign, and date the **original** form. It is not necessary to complete a new form.
5. A copy of the form should be made available to the applicant/tenant. It is acceptable to give them an unsigned copy.
6. For new residents, the form should be completed at the time of initial application.

A Government Data Practices Act Disclosure form that can be used for all ADUs is available on the HRA website.

3.09 Income Verification

At initial occupancy, owner/agent must determine whether prospective tenant(s) of ADUs qualify as low income households. Income eligibility is based on anticipated income as defined at 24 CFR 5.609 (Section 8). When collecting income verification documentation, owner/agent must consider any likely changes in income. Owner/Agent must follow appropriate steps in determining whether households are eligible prior to admittance.

Minnesota Housing provides sample verifications and other forms to assist owners/agents in qualifying eligible tenants. The release of information (at top of form) must be completed and signed by the person who is the subject of the verification prior to sending the form to an employer or other income source. Completed and returned verifications are used to calculate and document income.

An Income and Asset Calculation Worksheet form also is available and can be used to assist in showing the individual calculations of income and asset income. This is **highly recommended** and will assist an inspector during a file review. This form should be dated and signed by the owner/agent.

3.10 Gross Annual Household Income

Gross annual income for households living in ADUs shall be determined in a manner consistent with Section 8 of the U.S. Housing Act of 1937.

Note that the information below only provides a summary. Owners and managers must use current circumstances to project income, unless verification forms or other verifiable documentation indicate that an imminent change will occur. For guidance in this section and in determination of tenant income, the HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, is used and is recommended as a reference guide. The HUD Handbook 4350.3 and HUD notices can be obtained by visiting HUD's website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/h_sgh/4350.3.

The determination of annual income must include all types of income in the amount **anticipated** to be received by the tenant in the 12 months following certification/recertification. Owner/Agent should use current circumstances to project income, unless verification forms or other verifiable documentation indicate that a change will occur (increase/decrease in rate of pay and/or hours). However, if the owner/agent is unable to determine annual income using current information because the family reports little to no income, or because income fluctuates, the owner/agent may average past actual income received or earned within the last 12 months before the certification date to calculate annual income.

3.11 Factors that Affect Household Size

When determining family size for occupancy, the owner/agent must include the following individuals who currently are not living in the unit:

- Children temporarily absent due to placement in a foster home;
- Children in joint custody arrangements who are present in the household 50% or more of the time;
- Children who are away at school but who live with the family during school recesses;
- Unborn children of pregnant women. When a pregnant woman is an applicant, the unborn child is included in the size of the household and is included for purposes of determining the maximum allowable income. The rental application should ask the following question: “Will there be any changes in household composition within the next 12-month period?” If an applicant answers that a child is expected (birth, foster or adoption), the owner/agent should explain to the applicant this is an additional household member and use the corresponding income limit, and self-certification of additional member should be used as documentation within the initial certification.
- Children who are in the process of being adopted;
- Temporarily absent family members who still are considered family members. For example, the owner/agent may consider a family member who is working in another state on assignment to be temporarily absent. Persons on active military duty are considered temporarily absent (except if the person is not the head, co-head or spouse or has no dependents living in the unit). If the person on active military duty is the head, co-head, or spouse, or if the spouse or dependents of the person on active military duty resides in the unit, that person’s income must be counted in full;
- Family members in the hospital or rehabilitation facility for periods of limited or fixed duration. These persons are temporarily absent as defined above.

Persons permanently confined to a hospital or nursing home are not considered household members.

When determining family size for establishing income eligibility, the owner/agent must include all persons living in the unit *except* the following:

- Live-in aides
- Children of live-in aides
 - *A live-in aide/attendant is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:*
 - Is determined to be essential to the care and well-being of the person(s);
 - Is not obligated for the support of the person(s); and
 - Would not be living in the unit except to provide the necessary supportive services.

While a relative may be a live-in aide/attendant, s/he must meet the above requirements, especially the last. The live-in aide qualifies for occupancy only if the individual needing supportive services requires the aide’s services and remains a tenant. The live-in aide may not

qualify for continued occupancy as a remaining family member. The owner/agent must obtain verification from the person's physician, psychiatrist or other medical practitioner or health care provider that the live-in aide is needed to provide the necessary supportive services essential to the care and well-being of the person and should not add the attendant to the lease. The owner/agent may not require applicants or tenants to provide access to confidential medical records or to submit to a physical examination.

Some households may include other persons who are considered family members for the purposes of determining household size and income eligibility, including:

- Foster adults
- Foster children

Please see Appendix A for more detail on whose income is counted, what is counted as income and what is not, and how to account for income generated by assets.

3.12 General Income Verification Requirements

All income and asset sources must be disclosed on the eligibility application and verified. A properly completed application must be used as the basis for determining what verifications will be necessary. The application, along with all supporting documentation and the Resident Income Certification, will be reviewed by HRA staff or its agent during a tenant file review.

The following describes the types of third-party verification in order of acceptability:

1. Third-party verification from source (written):
 - a. An original or authentic document generated by a third-party source that is dated within six months from the date of receipt by the owner/agent. Documents may be in possession of the tenant (or applicant), and commonly are referred to as tenant provided documents. These documents are considered third-party verification because they originated from a third-party source. Examples of tenant provided documentation that may be used include, but are not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

Owner/Agent must consider the following when using tenant provided documentation:

- i. Is the document current? Documentation of public assistance may be inaccurate if it is not recent and does not show any changes in the family's benefits or work and training activities.
- ii. Is the documentation complete? Owner/Agent may accept pay stubs to document employment income only if the applicant or tenant provides the most recent two months of consecutive pay stubs to illustrate variations in hours worked. Actual paychecks or copies of paychecks

should never be used to document income because deductions are not shown on the paycheck.

- iii. Is the document an unaltered original? The greatest shortcoming of tenant provided documents as a verification source is their susceptibility to undetectable change through the use of high quality copying equipment. Documents with original signatures are the most reliable. Photocopied documents generally cannot be assumed to be reliable.

2. Written documentation sent directly to the third-party source by mail or electronically by fax, email or internet.

Verification forms must contain a release authorization signed by the applicant/tenant. Do not use a blanket release authorization as this entitles the owner/agent to obtain information to which it is not entitled or needed for eligibility determination. The Data Practices Act Disclosure Statement is not a verification release. Applicants should be asked to sign two copies of each verification form. The second copy may be used if the first request has not been returned in a timely manner.

Income verification requests must be sent directly to and from the source. They are never given to the tenant to obtain signatures. If the returned verifications do not contain complete information, owner/agent must follow up with the source to obtain complete information. Typical examples include failure to indicate interest rates, dates of anticipated raises, amounts of anticipated raises, etc. All pertinent information must be documented in the file and must also include the name, phone number and title of the contact, the name of the person accepting the information, and the date.

The single form *AHP Eligibility Verification* may be used to document income and asset eligibility in lieu of separate verification(s) for each separate income or asset source, if the sole source of income is Housing Support. The AHP Eligibility Verification confirms receipt of Housing Support (formally known as GRH) since it identifies that the applicant is in fact qualified for income-based Medical Assistance (MA) through Minnesota's Department of Human Services. (Housing Support recipients must have MA prior to obtaining housing grant funding). MA eligibility documents AHP eligibility because the Federal Poverty Guidelines (FPG) are significantly less than the LIHTC income limits. NCCP.org (NCCP.org/tools/converter/) defines poverty as a family income less than 100 percent of the federal poverty threshold, as determined by the U.S. Census Bureau; Low Income is defined as family income less than 200 percent of the poverty threshold.

3. Third-party verification from source (verbal).

When clarifying information over the telephone, it is important to be certain that the person on the telephone is the party he or she claims to be. Generally, it is best to telephone the verification source rather than to accept verification from a source calling the property management office. Verbal verification must be documented in the file. When verifying information by phone, the owner/agent must record and include in the tenant's file the following information:

- a. Third-party's name, position, and contact information;
- b. Information reported by the third-party;
- c. Name of the person who conducted the telephone interview; and
- d. Date and time of the telephone call.

4. Self Certification

An owner/agent may accept a tenant's notarized statement or signed affidavit regarding the veracity of information submitted only if the information cannot be verified by another acceptable verification method. In these instances, the owner/agent must document the file why third-party verification was not available. The owner/agent may witness the tenant signature(s) in lieu of a notarized statement or affidavit. The following describes use of electronic information when used as third-party verification.

Electronic Verification. The owner/agent may obtain accurate third-party written verification by facsimile, email, or Internet, if adequate effort is made to ensure that the sender is a valid third-party source.

- a. Facsimile. Information sent by fax is most reliable if the owner/agent and the verification source agree to use this method in advance during a telephone conversation. The fax should include the company name and fax number of the verification source.
- b. Email. Similar to faxed information, information verified by email is more reliable when preceded by a telephone conversation and/or when the email address includes the name of an appropriate individual and firm.
- c. Internet. Information verified on the Internet is considered third-party verification if the owner/agent is able to view web-based information from a reputable source on the computer screen. Use of a printout from the Internet may also be adequate verification in many instances.

Steps used to obtain written verification as described in 1, 2 and 3 above must be documented to show just cause for using other types of verification. The owner/agent must include the following documents in the tenant file:

1. A written note explaining why third-party verification is not possible, signed and dated by the applicant/resident.
2. A copy of the date-stamped original request that was sent to the third-party.
3. Written notes or documentation indicating follow up efforts to reach the third-party to obtain verification.
4. A written note indicating the request has been outstanding without a response from the third-party.

Note: If a tenant is employed by a business owned by the tenant's family or is employed by the property owner/agent or the management company, a copy of a recent pay stub verifying year-to-date earnings also is required.

Upon receipt of all verifications, owner/agent must determine if the resident is qualified for participation in the AHP. All verifications should be reviewed, and calculations made as necessary.

3.13 Corrections to Documents

Sometimes it is necessary to make corrections or changes to documents. A document that has been altered with correction fluid or "white out" will not be accepted by HRA. When a change is needed on a document, the person making the correction must draw a line through the incorrect information, write or type the correct wording or number, and have all parties initial and date the change.

3.14 Effective Term of Verifications

Verifications of any kind are valid for 6 months prior to an ADU tenant's move in date or recertification date.

3.15 Over Income Households

When determining eligibility to occupy an ADU, the household's gross income must always be considered. However, if a tenant goes over the income guidelines of 140% of household income at recertification, the owner/agent must raise the over income tenant's rent to reflect Fair Market Rent, or relocate tenant to a Market Rate Unit, as soon as the lease permits in accordance with the terms of the lease (see Chapter 2). The AHP does not require interim rent adjustments.

3.16 Annual Recertification

All households occupying an ADU must be recertified at least annually from the date of occupancy. Annual recertifications must be effective on or before the occupancy anniversary date of the previous certification. Owner/Agent may align recertification dates with other program certifications or so that all units in the property are recertified at one time during the year. However, if a period of twelve (12) months passes without a recertification being completed for any ADU, the unit is considered out of compliance. Owner/Management may request an annual schedule whereby all tenants are recertified during the same month however before making changes to schedule, an email request must be made, and approved by the City first. The requirement to recertify is included in an ADU lease or addendum, tenant refusal to comply can be considered a violation of the lease and is grounds for termination.

Income must be third-party verified in every 3rd year of the affordability period, **not** tenancy.

Example: Every Third Year Full Certification

Property ABC received Certificate of Occupancy on 11/1/2019

- Period of Affordability (POA) for Property ABC will be a total of 15 years starting on 11/1/2019 and ending on 11/1/2034

Amanda Johnson Moved onto Property ABC on 12/1/2019

In 2019 (POA Year One): Management verifies income using SSA Benefits Award Letter, a copy of Amanda's current PERA Benefit Letter (Pension Public Employees Retirement Association of Minnesota) and Under \$50,000 Asset Verification to determine eligibility at Move In. All items must be third-party verified using source documents.

In 2020 (POA Year Two): Amanda Johnson needs to complete her Annual Recertification but in POA Year Two for Property ABC, only a self-certification of income and asset, signed by all adult household members is needed. Use of the *AHP Self-Certification of Income & Asset* form can be used instead of third-party verifications during this non-3rd year. Note: Move In certifications for eligibility must always third-party verify using source documents.

In 2021 (POA Year Three): Amanda Johnson needs to complete her Annual Recertification but in POA Year Three for Property ABC, only a self-certification of income and asset, signed by all adult household members is needed. Use of the *AHP Self-Certification of Income & Asset* form can be used instead of third-party verifications during this non-3rd year. Note: Move In certifications for eligibility must always third-party verify using source documents.

In 2022 (Year Four): The Annual Recertification requirement for this POA year at Property ABC states all income and assets reported by a household must be third-party verified using source documents. The *AHP Self-Certification of Income & Asset* is not eligible for use for any ADU at Property ABC.

3.17 Tenant Files

Owner/Agent must maintain a tenant file for each ADU. All permanent documents must be kept together so they are accessible at each compliance review (income certification and supporting documentation, lease/AHP addendum, etc.). Annual recertification information, including the tenant questionnaires, release forms, verifications, and annual inspection reports must be grouped together by year, with the most recent year on top for review.

The tenant files must contain the following:

- HRA Government Data Practices Act Statement
- Household Questionnaire
- Acceptable verifications of income and assets
- Verification of student eligibility if applicable
- Resident Income Certification (Initial Certification and Annual Recertifications)
- Signed lease agreement and AHP addendum (if needed)
- Lead based paint acknowledgements (rental rehabilitation only; built pre-1978)

All move out files should also contain the following:

- Written 30-day (or greater) notice to vacate (if not available – document in file)

- Security deposit refund (check number and date) or letter of intent to withhold security deposit within 14 days of move out

Tenant records, including income verifications and development rents must be retained for the most recent three year period after the tenant moves out.

Chapter 4 – Reporting Requirements

The owner/agent must maintain a report of all tenants residing in each ADU at the time of application through the end of the affordability period and must submit annual reports to HRA in a form and manner requested by HRA.

Annual compliance reports are due to HRA by March 1 or as otherwise specified by HRA, of each year during the affordability period. If the due date falls on a weekend or a holiday, reports are due the following business day. Reports and other required documents must be submitted as directed by HRA on an annual basis.

4.01 Annual Owner/Agent Certifications

Complete the Owner/Agent Certification to certify compliance with AHP requirements for the preceding calendar year. Owner/Agent Certifications must be printed, signed and dated by the authorized Owner/Agent Representative, then scanned and submitted as directed by HRA.

4.02 Compliance Reports

HRA or designated agents will monitor AHP compliance by reviewing annual Owner/Agent Certifications and analyzing compliance information submitted by the owner/agent. Failure to submit the Owner/Agent Certification and/or update the report on **all** units and their related activity by the due date will constitute noncompliance with the AHP and the related loan documents.

4.03 Utility Allowance Source Document

Owners/Agents must submit the utility allowance source documents applicable to the reporting period. Multiple utility allowance source documents may apply to one reporting period.

Chapter 5 – Compliance Inspections

Compliance inspections (file reviews) will be conducted every 3 years. Inspections may be conducted more frequently if HRA determines it to be necessary based on concerns raised during a previous review or other information.

The compliance inspection includes, but is not limited to, an inspection of at least 20%, but up to 50%, of the ADU tenant files (with a minimum of four (4) units).

HRA will contact the owner/agent in advance to schedule the tenant file review. The property inspection and tenant file review may be conducted at the same time or may be conducted separately by different HRA staff.

5.01 Physical Inspections

This program does not mandate inspections. Rental Licensing requires inspections every three years.

5.02 Review of Tenant Files and Property Records

During the tenant file review, HRA staff will review Resident Income Certifications, third-party verifications or other forms of income documentation, leases, lead based paint disclosure forms, and other management information for selected units.

HRA staff will also review the following property information:

- Utility Allowances and supporting documentation
- Current written tenant selection plan, occupancy policy and/or house rules if changes were made since the last review
- Current lease and lease addenda/agreement(s)
- Affirmative Fair Housing Marketing Plan/Marketing Plans
- Advertising
- Equal Housing Opportunity posters, logos
- Correspondence
- Tenant ledgers for all units inspected

Chapter 6 – Correction and Consequences of Non-Compliance

If HRA does not receive the required certifications and/or compliance reports when due, or discovers by audit, inspection, or review, or in some other manner, that the property is not in compliance with the requirements of the AHP, or with the property's loan documents, including the enforcement agreement, the HRA will notify the owner/agent as soon as possible.

6.01 Notice to Owner/Agent

HRA or its designated agent will provide prompt written notice to the owner/agent of an AHP property if HRA does not receive the annual Owner/Agent Certification and income and occupancy report by the required due date. HRA or its designated agent also will notify the owner/agent if it does not receive or is not permitted to inspect the Resident Income Certifications, supporting documentation, and rent records, or discovers by inspection, review, or in some other manner, that the property is not in compliance with the requirements of the AHP or with the property's loan documents, including the enforcement agreement.

6.02 Correction Period

The correction period of 30-days will be set forth in a Notice of Noncompliance to the owner and its agent. HRA may extend the correction period if HRA determines there is good cause for granting the extension. Requests for an extension must be in writing from the owner/agent, must be received by HRA no later than the last day of the correction period identified on the Notice of Noncompliance, and must include an explanation of the efforts to correct the noncompliance and the reason the extension is needed.

6.03 Owner's/Agent's Response

HRA will review the owner's/agent's response and supporting documentation, if any, to determine whether the noncompliance has been clarified, corrected or remains out of compliance.

Clarified noncompliance is, for example, where income eligibility was not properly documented and the inspector cannot make a reasonable determination that the unit is in compliance but the owner/agent conducts a retroactive (re)certification which completely and clearly documents the sources of income and assets that were in place at the time the certification should have been effective, and applies income and rent limits that were in effect on that date. If documentation is complete and supports that the tenant was eligible as of the effective date, the file is considered clarified.

Corrected noncompliance is when a violation is observed and there is a period of time during which the unit is out of compliance but the unit is brought back into compliance. For example, a late certification or re-certification is out of compliance on the certification due date, and back in compliance as of the date the last household member signs a retroactive Income Certification.

Uncorrected noncompliance is a violation that is not corrected or clarified by the end of the correction period.

Failure to correct all noncompliance could result in extension of the end of the POA, loss of Tax Increment Financing, or LURC tax treatment or other legal remedies. Persistent noncompliance also may impact the owner's/agent's eligibility for financing from the HRA under any or all its programs.

Chapter 7 – Requests for Action

7.01 Sale or Transfer

Any property owner must provide prior written notice to the HRA before sale or transfer of the property. The notice will provide that the new owner/agent acknowledges that the terms and conditions of the Affordable Housing Program as set forth in the governing documents recorded against the property remain in place.

Attachments:

- Current Rent Income Table
- AFHMP Template – Pages 1-5 without HUD
Signature
- AHC Checklist
- AHC Forms

Attachments

Table L: Projects Placed in Service on or after 4/24/2019

County: Hennepin

Effective Date: 04/24/2019

----- Income Limits By Household Size -----

	1	2	3	4	5	6	7	8
20%	14,000	16,000	18,000	20,000	21,600	23,200	24,800	26,400
30%	21,000	24,000	27,000	30,000	32,400	34,800	37,200	39,600
40%	28,000	32,000	36,000	40,000	43,200	46,400	49,600	52,800
50%	35,000	40,000	45,000	50,000	54,000	58,000	62,000	66,000
60%	42,000	48,000	54,000	60,000	64,800	69,600	74,400	79,200
70%	49,000	56,000	63,000	70,000	75,600	81,200	86,800	92,400
80%	56,000	64,000	72,000	80,000	86,400	92,800	99,200	105,600

---- Maximum Gross Rents By Bedroom Size(Post 1989) ----

	0	1	2	3	4	5	6	
20%		350	375	450	520	580	640	700
30%		525	562	675	780	870	960	1,050
40%		700	750	900	1,040	1,160	1,280	1,400
50%		875	937	1,125	1,300	1,450	1,600	1,750
60%		1,050	1,125	1,350	1,560	1,740	1,920	2,100
70%		1,225	1,312	1,575	1,820	2,030	2,240	2,450
80%		1,400	1,500	1,800	2,080	2,320	2,560	2,800

County: Houston

Effective Date: 04/24/2019

----- Income Limits By Household Size -----

	1	2	3	4	5	6	7	8
20%	11,020	12,580	14,160	15,720	16,980	18,240	19,500	20,760
30%	16,530	18,870	21,240	23,580	25,470	27,360	29,250	31,140
40%	22,040	25,160	28,320	31,440	33,960	36,480	39,000	41,520
50%	27,550	31,450	35,400	39,300	42,450	45,600	48,750	51,900
60%	33,060	37,740	42,480	47,160	50,940	54,720	58,500	62,280
70%	38,570	44,030	49,560	55,020	59,430	63,840	68,250	72,660
80%	44,080	50,320	56,640	62,880	67,920	72,960	78,000	83,040

---- Maximum Gross Rents By Bedroom Size(Post 1989) ----

	0	1	2	3	4	5	6	
20%		275	295	354	408	456	503	550
30%		413	442	531	613	684	754	825
40%		551	590	708	817	912	1,006	1,100
50%		688	737	885	1,021	1,140	1,258	1,375
60%		826	885	1,062	1,226	1,368	1,509	1,650
70%		964	1,032	1,239	1,430	1,596	1,761	1,925
80%		1,102	1,180	1,416	1,635	1,824	2,013	2,200

Note to all applicants/respondents: This form was developed with Nuance, the official HUD software for the creation of HUD forms. HUD has made available instructions for downloading a free installation of a Nuance reader that allows the user to fill-in and save this form in Nuance. Please see <http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf> for the instructions. Using Nuance software is the only means of completing this form.

Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing

**U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity**

OMB Approval No. 2529-0013
(exp.12/31/2016)

1a. Project Name & Address (including City, County, State & Zip Code)	1b. Project Contract Number	1c. No. of Units
	1d. Census Tract	
	1e. Housing/Expanded Housing Market Area	

1f. Managing Agent Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

1g. Application/Owner/Developer Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

1h. Entity Responsible for Marketing (check all that apply)

Owner Agent Other (specify)

Position, Name (if known), Address (including City, County, State & Zip Code), Telephone Number & Email Address

1i. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (including City, State & Zip Code), Telephone Number & E-Mail Address.

2a. Affirmative Fair Housing Marketing Plan

Plan Type

Date of the First Approved AFHMP:

Reason(s) for current update:

2b. HUD-Approved Occupancy of the Project (check all that apply)

Elderly

Family

Mixed (Elderly/Disabled)

Disabled

2c. Date of Initial Occupancy

2d. Advertising Start Date

Advertising must begin *at least* 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects.

Date advertising began or will begin

For existing projects, select below the reason advertising will be used:

To fill existing unit vacancies		
To place applicants on a waiting list	(which currently has	individuals)
To reopen a closed waiting list	(which currently has	individuals)

3a. Demographics of Project and Housing Market Area

Complete and submit Worksheet 1.

3b. Targeted Marketing Activity

Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

White	American Indian or Alaska Native	Asian	Black or African American
Native Hawaiian or Other Pacific Islander		Hispanic or Latino	Persons with Disabilities
Families with Children	Other ethnic group, religion, etc. (specify)		

4a. Residency Preference

Is the owner requesting a residency preference? If yes, complete questions 1 through 5.

If no, proceed to Block 4b.

(1) Type

(2) Is the residency preference area:

The same as the AFHMP housing/expanded housing market area as identified in Block 1e?

The same as the residency preference area of the local PHA in whose jurisdiction the project is located?

(3) What is the geographic area for the residency preference?

(4) What is the reason for having a residency preference?

(5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.655(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.655(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

4b. Proposed Marketing Activities: Community Contacts

Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

4c. Proposed Marketing Activities: Methods of Advertising

Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

5a. Fair Housing Poster

The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Check below all locations where the Poster will be displayed.

Rental Office Real Estate Office Model Unit Other (specify)

5b. Affirmative Fair Housing Marketing Plan

The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check below all locations where the AFHMP will be made available.

Rental Office Real Estate Office Model Unit Other (specify)

5c. Project Site Sign

Project Site Signs, if any, must display in a conspicuous position the HUD approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Check below all locations where the Project Site Sign will be displayed. Please submit photos of Project signs.

Rental Office Real Estate Office Model Unit Entrance to Project Other (specify)

The size of the Project Site Sign will be x
The Equal Housing Opportunity logo or slogan or statement will be x

6. Evaluation of Marketing Activities

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

7a. Marketing Staff

What staff positions are/will be responsible for affirmative marketing?

7b. Staff Training and Assessment: AFHMP

- (1) Has staff been trained on the AFHMP?
 - (2) Has staff been instructed in writing and orally on non-discrimination and fair housing policies as required by 24 CFR 200.620(c)?
 - (3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?

 - (4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act?
 - (5) If yes, how and how often?
-

7c. Tenant Selection Training/Staff

- (1) Has staff been trained on tenant selection in accordance with the project's occupancy policy, including any residency preferences?

 - (2) What staff positions are/will be responsible for tenant selection?
-

7d. Staff Instruction/Training:

Describe AFHM/Fair Housing Act staff training, already provided or to be provided, to whom it was/will be provided, content of training, and the dates of past and anticipated training. Please include copies of any AFHM/Fair Housing staff training materials.

8. Additional Considerations Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

9. Review and Update

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

For HUD-Office of Housing Use Only	For HUD-Office of Fair Housing and Equal Opportunity Use Only	
Reviewing Official:	Approval	Disapproval
Signature & Date (mm/dd/yyyy)	Signature & Date (mm/dd/yyyy)	
Name (type or print)	Name (type or print)	
Title	Title	



**EQUAL HOUSING
OPPORTUNITY**

**We Do Business in Accordance With the Federal Fair
Housing Law**

(The Fair Housing Amendments Act of 1988)

**It is illegal to Discriminate Against Any Person
Because of Race, Color, Religion, Sex,
Handicap, Familial Status, or National Origin**

- In the sale or rental of housing or residential lots
- In the provision of real estate brokerage services
- In advertising the sale or rental of housing
- In the appraisal of housing
- In the financing of housing
- Blockbusting is also illegal

Anyone who feels he or she has been discriminated against may file a complaint of housing discrimination:

1-800-669-9777 (Toll Free)

1-800-927-9275 (TTY)

www.hud.gov/fairhousing

**U.S. Department of Housing and
Urban Development
Assistant Secretary for Fair Housing and
Equal Opportunity
Washington, D.C. 20410**

Attachment Affordable Housing Program (AHP)

Part A (Required to determine eligibility)

1. Information regarding the household composition including the name(s) and age(s) of all members in the household.
2. Student status.
3. The amount and source of all earned and unearned income of all household members.
4. The type, value and income derived from all household assets.
5. The type, value and income derived from all household assets disposed of for less than fair market value within the past 2 years.
6. Current and/or previous housing history (for program eligibility, if applicable).

Part B

1. Race
2. Ethnicity
3. Gender of head of household
4. Receipt of Public Assistance and Type of Assistance (MFIP, Section 8, GRH, etc.)
5. Homeless Household
6. Disabled Status
7. Household Type (single, elderly, disabled, etc.)

Verification of Eligibility – Affordable Housing Program

TO: (Name and Address of Housing Support Division)

FROM: (Name & Address of Owner/Management Agent)

RE: _____
 Applicant/Tenant Full Name

Email: _____

Contact: _____ at () _____

 Unit Number (Optional)

Thank you for your prompt response. All information is confidential.

PERMISSION FOR RELEASE OF INFORMATION

Release: I hereby authorize the release of requested information. Information obtained under this consent is limited to information that is no older than 12 months. There are circumstances which would require the owner to verify information that is up to 5 years old, which would be authorized by me on a separate consent with explanation, attached to a copy of this consent.

 Signature of Applicant/Tenant

 Date

THIS SECTION TO BE COMPLETED BY HOUSING SUPPORT & SERVICES DIVISION

MN-DHS Housing Supports and Services Division, please fill in all blanks.

Does the above Applicant/Tenant receive benefits under one of these two income-based Housing Programs outlined below? Yes No

If Yes, what type of benefit program does s/he participate in?

Housing Support and/or **Minnesota Supplemental Aid (MSA Housing Assistance)**

Effective date of benefits: _____

Additional remarks: _____

Housing Support and Services Provider:

Print Your Name:		Title:
Signature:		Date:
Telephone #:	Fax #:	Email:



**Government Data Practices Act
Disclosure Statement**

Print name(s) of Household Members signing this form:	

The City of _____ (“City”) that provided the funding for the development of the property listed below is asking for this private information that relates to your application to occupy, or continue to occupy, a unit in the following property (“Property”).

Property Name:

Some of the information you are being asked to provide may be considered private or confidential under the Minnesota Government Data Practices Act (MGDPA), Minnesota Statutes Chapter 13. Section 13.04(2) of this law requires that you be notified of the matters included in this Disclosure Statement before you are asked to provide that information. The owner/agent of the Property may also ask you to supply information that relates to your application. The owner’s/agent’s request for information is not governed by the Minnesota Government Data Practices Act.

1. The City of Edina, Minnesota for the Affordable Housing Program (AHP) is asking for information necessary for the administration and management of a local program to provide housing for low income families. Some of the information may be used to establish your eligibility to initially occupy, or to continue to occupy, a unit in the Property. Other information may be used to assist the City in the evaluation and management of some of the programs it operates.

2. As part of your application, you are asked to supply the information contained in the following attachment.

Attachment 1 – Inclusionary Housing Program

The Attachment has two parts: Part A and Part B

3. The information asked for under Part A of the attachment may be used by the City and/or owner/agent to establish your eligibility to participate in the Inclusionary Housing Program or occupy an affordable dwelling unit in the Property. If you refuse to supply any portion of the information asked for under Part A, you may not qualify for initial or continued occupancy of a unit in the Property.

4. The information asked for under Part B will help the City in the evaluation and management of some of the programs it operates and your supplying of this information will be helpful to the City.

Failure to provide any of the information asked for under Part B will NOT affect whether or not you qualify for initial or continued occupancy of a unit in the Property.

5. The owner/agent may also ask for information to determine whether or not it will rent a unit in the Property to you. If you supply, or refuse to supply, any information requested by the owner/agent, it will NOT affect a decision by the City, but could affect the owner's/agent's decision to rent a unit to you. The determination by the owner/agent is separate from the City's determination and the City does not participate, in any way, in the owner's/agent's decision.
6. All of the information that you supply will be accessible to staff of the City (and its agents) and may be made available to staff of the Office of the Minnesota Attorney General, the United States Department of Housing and Urban Development (HUD), the United States Internal Revenue Service (IRS) and other persons and/or governmental entities who may have statutory authority to review the information, investigate specific conduct, and/or take appropriate legal action including but not limited to law enforcement agencies, courts and other regulatory agencies. The information may also be provided by the City to the owner's management agents of the Property.
7. This Disclosure Statement remains in effect for as long as you occupy a unit in the Property and are a participant in the program(s) identified above.

I was (We were) supplied with a copy of and have read this Government Data Practices Act Disclosure Statement and the Attachment identified above.

Head of Household, Spouse, Co-Head and all household members age 18 or older must sign and date:

Applicant/Tenant signature

Date

Applicant/Tenant signature

Date

Applicant/Tenant signature

Date

Applicant/Tenant signature

Date

Applicant/Tenant signature

Date

AFFORDABLE HOUSING PROGRAM (AHP) LEASE ADDENDUM

Resident Name: _____

Address: _____

Lease Date: _____

The Property in which you are leasing received funding from the Affordable Housing Program. This program is designed to provide housing to low income individuals and families.

This addendum will be in effect for the duration of your occupancy.

By signing this Agreement, you and all adult household members acknowledge that you have read, understand and agree to the following provisions:

1. **Affordable Housing Program.** The Unit must comply with the Affordable Housing Program. Resident's rights under the Lease are subject to Program requirements.
2. **Unit Occupancy.** Only the residents named on the Lease are permitted to occupy the unit.
3. **Income Certification.** Resident has executed an Income Certification Form prior to moving into the Unit, and Resident shall complete and execute further Income Certification Forms at Management's request not less than annually hereafter. Upon Management's request, Resident shall certify Resident's household income and/or assets to Management or any governmental or quasi-governmental agency in a manner satisfactory to Management.
4. **Recertified Income.** Resident acknowledges that the annual recertification of Resident's household income must meet the limitations imposed by the Program. **(Resident's initials)** _____
5. **Information Supplied.** Resident certifies that the information supplied by Resident to determine Resident's qualifications to rent the Unit, including Resident's Application and Income Certification, is accurate, complete, and true in all respects. Submission of inaccurate, incomplete, or false information at any time is a breach of lease for which Resident can be evicted.
6. **Increased Income.** If, upon annual recertification, Resident's household income exceeds 140% of the applicable Program limit, Management may meet with Resident to review the status of the household's qualification under the Program. If the household no longer qualifies, Management may terminate Resident's lease.
7. **Certain Changes.** Resident shall notify Management immediately in writing if Resident's household size changes, anyone in Resident's household becomes a full-time student, or Resident begins to receive HUD assistance. Management may immediately terminate this Lease if Resident's student status disqualifies the Unit under the Program. Management may adjust Resident's rent and/or utility allowance if Resident begins to receive HUD assistance. **(Resident's initials)** _____
8. **Student Eligibility.** AHP adopted the Section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612 and excludes any individual that:



1. Is enrolled in a higher education institution;

AND

2. Is under the age of 24; and

3. Is not a veteran of the US Military; and

4. Is not married*; and

5. Does not have a dependent child(ren); and

6. Is not a person with disabilities; and

7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income

* Effective August 1, 2013 same-sex marriages are recognized as marriages for student eligibility purposes.

ALL RESIDENTS MUST IMMEDIATELY REPORT TO MANAGEMENT ANY CHANGE IN STUDENT STATUS. (Resident's initials) _____

9. **Cooperation with Management.** Resident shall cooperate with Management so that Management complies with the Program. Resident will timely respond to Management requests related to Program documents, verifications, and certifications. This includes but is not limited to timely attending meetings, signing verifications, and providing requested information. Resident agrees to sign a new lease upon the completion of annual certifications, if requested or required by Management.

10. **Termination/Non-Renewal.** Management may terminate or refuse to renew the Lease or file an eviction action for the following reasons:

- Serious or repeated violation of the Lease. This includes but is not limited to Resident's violation of this Agreement. **(Resident's initials) _____**
- Violation of applicable federal, state, or local law. **(Resident's initials) _____**
- Refusal/Failure to complete paperwork required by the Program. **(Resident's initials) _____**
- Other good cause, including if Resident's continued occupancy of the Unit violates Program requirements. **(Resident's initials) _____**

I have read and agree to the provisions above and understand that failure to comply with these provisions constitutes material non-compliance with this lease and establishes good cause for termination, nonrenewal of the lease, or eviction action.

Resident's Signature

Date

Resident's Signature

Date

Management's Signature

Date



AHP Rental Application

Applicant Information			
Name:			
Date of birth:	SSN:	Phone:	
Current address:			
City:	State:	ZIP Code:	
Own Rent (Please circle)	Monthly payment or rent:	How long?	
Previous address:			
City:	State:	ZIP Code:	
Owned Rented (Please circle)	Monthly payment or rent:	How long?	
Co-applicant Information			
Name:			
Date of birth:	SSN:	Phone:	
Current address:			
City:	State:	ZIP Code:	
Own Rent (Please circle)	Monthly payment or rent:	How long?	
Previous address:			
City:	State:	ZIP Code:	
Owned Rented (Please circle)	Monthly payment or rent:	How long?	
Income and Asset			
Total Monthly Income (Include all family gross income):			\$
Income Sources (check all that apply)			
<input type="checkbox"/> Wages/Self-Employment	<input type="checkbox"/> Child Support	<input type="checkbox"/> TANF/Public Assistance	
<input type="checkbox"/> SSI/SSA	<input type="checkbox"/> Investment/Interest Income	<input type="checkbox"/> Other _____	
<input type="checkbox"/> Pension/Annuity	<input type="checkbox"/> Workers Compensation		
Value of Family Assets (Assets include all bank accounts, investment accounts, and real estate):			\$
Emergency Contact			
Name of a person not residing with you:			
Address:			
City:	State:	ZIP Code:	Phone:
References			
Name:	Address:	Phone:	
I authorize the verification of the information provided on this form as to my credit and source/s of income.			
Signature of applicant:			Date:
Signature of co-applicant:			Date:



RESIDENT INCOME CERTIFICATION

For use by eligible Affordable Housing Program (AHP) properties only

Property Name: _____ **Effective Date:** _____

Household Composition:

Head of Household Name	Leased Address	Total Number of Occupants

Anticipated Gross Household Income (Annual Amounts):

Household Member Name	Wages/Salaries/Self-Employment	Benefits/Pensions	TANF/Public Assistance	Other Income
Annual Gross Income:	\$ _____	\$ _____	\$ _____	\$ _____
			Total Annual Gross Income:	\$ _____

Household Asset and Asset Income:

Household Member Name	Asset Description	Current Cash Value of Asset	Actual Income from Assets
		Total Cash Value:	Total Income from Assets:
		\$ _____	(A)\$ _____

Enter Total Cash Value if over \$50,000 \$ _____ Passbook Rate: X .06% = (B)\$ _____ Imputed Income

Enter the greater of the Total Income from Assets (A) OR Imputed Income (B): **This will be the Total Income from Assets:** \$ _____

Total Annual Income	
Annual Income (total of all actual income and income from assets):	\$ _____

Rent Amounts:

Leased Rent Amount:	\$ _____
Monthly Utility Allowance:	\$ _____
Gross Monthly Rent: (Leased Rent + Utility Allowance)	\$ _____

Student Status:

Are any household members, a student at an institution of higher education?

- Yes
- No

If Yes, enter # as shown on the student form *AHP Student Self-Certification*

1. FT Student
2. Disabled
3. At least 24 years of age
4. Veteran of United States Military
5. Married
6. Dependent
7. Living Independently from Parents
8. Graduate or Professional Student
9. Orphan or Ward of the Court
10. Vulnerable Youth
11. Independent via unusual circumstances

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Resident Income Certification. For move-in, it is recommended that the Resident Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

I/we hereby affirm that the foregoing information is true and complete to the best of my/our knowledge and authorize the Landlord to make inquires to verify the statements herein. I/we further understand that any intentional misrepresentation in this self-certification might result in a default in the rental agreement and/or eviction of the household. If any of the aforementioned changes, I/we agree to notify the Landlord immediately.

All household members age 18 or older must sign and date below:

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature and Date of Owner/Representative:

Signature: _____ Date: _____

Affordable Housing Program (AHP)
RESIDENT NOTIFICATION LETTER

As a resident of _____ (*name of property*), a property funded by the **CITY OF EDINA, MINNESOTA**, a Minnesota statutory city, and the **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA**, you have certain rights stated in your lease and the attached Lease Rider. Your landlord must follow city and state rules for the Affordable Housing Program. One of the important protections provided by federal law is that you cannot be evicted from your home or have your tenancy terminated without good reason or “good cause.”

Your landlord may not evict you or terminate your tenancy (including refusing to renew your lease) without good cause. Good cause is (a) serious or repeated violation(s) of the material terms and conditions of your lease. The landlord must state, in writing, the good cause in any eviction, lease non-renewal or termination of tenancy notice. If you did not do what your landlord claims in the notice, or if you think it was not serious enough for your lease to be terminated or not renewed, you can ask the landlord if there is an appeal process. If there is no appeal process, you may request that the termination be retracted and discuss your reasons why. If you receive a notice of eviction, you have a right to contest the eviction in court by explaining to the judge why you disagree with the reasons for terminating your lease. Visit www.lawhelpmn.org to see if you qualify for free or low-cost legal assistance.

In addition, your landlord may not increase the amount of rent stated on your lease more than once annually.

The attached Lease Rider should already be signed by your landlord. You and all members of your household age 18 or older must also sign the Lease Rider in order to make it part of your lease.

The Lease Rider needs to be signed each time you sign a new lease. If at any time additional adult household members enter the unit or a child who lives in that unit turns 18, they should add their signature to the existing Lease Rider with the current date.

Your landlord also has a legal obligation to comply with the statutory requirements found in Section 601 of the Violence Against Women Reauthorization Act of 2013 (VAWA).

Under VAWA, you may not be denied admission, denied assistance, terminated from participation, or evicted on the basis that you are or have been a victim of domestic violence, dating violence, sexual assault or stalking, if you otherwise qualify for admission, assistance, participation or occupancy.

You should have received the following when you were approved for occupancy or at some time during your occupancy:

- HUD Form 5380 – Notice of Occupancy Rights under the Violence Against Women Act; and
- HUD Form 5382 – Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation.

The landlord must also include these documents with any notice of eviction, lease non-renewal or termination of tenancy. You may also have signed a VAWA Lease Addendum.

If you have any questions concerning this matter, please contact your resident manager, _____, or your landlord at _____ (*phone and email*).

Sincerely ,

Property Representative Name (print and sign)

Date

Affordable Housing Program LEASE RIDER
(attach to resident lease)

Property Name: _____

Building/Unit #: _____

Head of Household Name: _____

The Lease dated _____ is hereby amended by adding the following provisions:

1. Owner/Landlord may not evict or terminate the tenancy (including refusing to renew this Lease) except for good cause. Good cause means (a) serious or repeated violation(s) of the material terms and conditions of the Lease. Any eviction, lease non-renewal or termination of tenancy notice must be in writing and must state the specific violation(s). The notice must comply with all requirements of Minnesota law and other applicable programs.
2. Owner/Landlord may not increase the lease rent more than once annually, regardless of the term of the Lease.

To the extent that any terms contained in the Lease or any other agreement between the owner and the tenant contradict the terms of this Lease Rider, the provisions of this Lease Rider shall control.

By signing below, I indicate my consent to this Lease Rider:

Property Representative Name (print) (signature) Date

By signing below, I indicate my consent to this Lease Rider. I/we have been given a copy of this Lease Rider.

Resident Name (print) (signature) Date

Resident Name (print) (signature) Date

Resident Name (print) (signature) Date

Resident Name (print) (signature) Date

Self-Certification of Household Annual Income

For use by eligible Affordable Housing Program (only to be used in-between the 3rd year requirement of a full certification)

Property Name: _____ Unit Number: _____ Recertification Date: _____

1. Enter all household member's names, relationship to the head of household and student status below:

Last Name	First Name	Relationship to Head of Household	Has This Person Been a Student During the Past Year and/or Will This Person Be a Student in the Upcoming Year?

2. Enter all household members' gross annual income (income before taxes). Types of income include but are not limited employment wages, military pay, public assistance, Social Security/SSI benefits, Pension, VA benefits, child support, regular gifts, unemployment, and some types of financial aid.

Household Member's Name	Source of Income	Gross Annual Income
Total Gross Annual Income from Column:		\$

3. Types of income from assets include but are not limited to interest and dividends earned from checking accounts, savings accounts, retirement accounts, certificates of deposit, money market, 401Ks and real estate.

Household Member's Name	Type of Asset & Source	Current Cash Value of Asset	Actual Income From Assets
Total Cash Value: (total of Current Cash Value of Asset Colum)		Total Actual Income from Assets: (total of Actual Income from Assets Column)	
\$		\$	

Total Annual Income

ANNUAL (GROSS) INCOME (TOTAL OF ALL HOUSEHOLD MEMBERS): \$ _____

I/we hereby affirm that the foregoing information is true and complete to the best of my/our knowledge and authorize the Owner/Manager to make inquiries to verify the statements herein. I/we further understand that any intentional misrepresentation in this self-certification might result in a default in the rental agreement and/or eviction of the household. If any of the aforementioned changes, I/we agree to notify the Owner/Manager immediately.

All household members age 18 or older must sign and date below:

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Affordable Housing Program (AHP)
STUDENT STATUS SELF-CERTIFICATION

Property Address: _____

FIRST NAME:	LAST NAME:
--------------------	-------------------

TO BE COMPLETED BY APPLICANT / RESIDENT:

A. Are you student at an institution of higher education? _____ Yes _____ No

“Institution of higher education” includes post-secondary vocational institutions, “proprietary institutions of higher education” which prepare students for “gainful employment in a recognized occupation,” and accredited post-secondary colleges and universities. If you are not sure, please mark “yes” and we will verify the status of your institution.

If you have answered **no**, please skip the following questions in (B) and sign below in (C).

B. If you answered **yes**, please complete the following questions and sign below in (C):

	Yes	No
1. Are you a full-time student?	_____	_____
2. Are you disabled?	_____	_____
If yes, were you receiving Section 8 assistance as of November 30, 2005?	_____	_____
3. Are you at least 24 years of age?	_____	_____
If no, please list birth date: _____		
4. Are you a veteran of the United States military?	_____	_____
5. Are you married?	_____	_____
6. Do you have a dependent other than a spouse (e.g. dependent child)?	_____	_____
7. Will you be living with your parents?	_____	_____
If no:		
a. Are your parents receiving or eligible to receive Section 8?	_____	_____
b. Are you claimed as a dependent on your parent’s tax return?	_____	_____
c. Have you maintained a household separate from your parents or guardians for at least 1 year?	_____	_____
8. Are you a graduate or professional student?	_____	_____
9. Were you an orphan or a ward of the court through the age of 18?	_____	_____
10. Are you classified as a Vulnerable Youth?	_____	_____
11. Are you a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances?	_____	_____

C.

_____ Signature	_____ Print Name
_____ Date	



UNDER \$50,000 ASSET CERTIFICATION

for use with HRA's Affordable Housing Program Only

For households whose combined net assets do not exceed \$50,000.

Complete only one form per household; include assets of children.

Household Name: _____ Unit No. _____

Development Name: _____ City: _____

Complete all that apply for 1 through 4:

1. My/our assets include (enter n/a in (A) if you do not own the respective asset):

(A) Cash Value*	(B) Int. Rate	(A*B) Annual Income	Source	(A) Cash Value*	(B) Int. Rate	(A*B) Annual Income	Source
\$ _____	_____	\$ _____	Savings Account(s) <i>Include online accounts such as GoFundMe, Fundly, etc.</i>	\$ _____	_____	\$ _____	Checking Account(s)
\$ _____	_____	\$ _____	Cash on Hand	\$ _____	_____	\$ _____	Cash cards used to receive government benefits or other income
\$ _____	_____	\$ _____	Certificates of Deposit	\$ _____	_____	\$ _____	Money market funds
\$ _____	_____	\$ _____	Stocks	\$ _____	_____	\$ _____	Bonds
\$ _____	_____	\$ _____	IRA Account(s)	\$ _____	_____	\$ _____	401K Account(s)
\$ _____	_____	\$ _____	Keogh Account(s)	\$ _____	_____	\$ _____	Trust Funds
\$ _____	_____	\$ _____	Equity in real estate	\$ _____	_____	\$ _____	Land Contracts
\$ _____	_____	\$ _____	Lump Sum Receipts	\$ _____	_____	\$ _____	Capital investments
\$ _____	_____	\$ _____	Life Insurance Policies (excluding Term)				
\$ _____	_____	\$ _____	Other Retirement/Pension Funds not named above: _____				
\$ _____	_____	\$ _____	Personal property held as an investment** : _____				
\$ _____	_____	\$ _____	Other (list): _____				

PLEASE NOTE: Certain funds (e.g., Retirement, Pension, Trust) may or may not be (fully) accessible to you. Include only those amounts which are.

*Cash value is defined as market value minus the cost of converting the asset to cash, such as broker's fees, settlement costs, outstanding loans, early withdrawal penalties, etc.

**Personal property held as an investment may include, but is not limited to, gem or coin collections, art, antique cars, etc. Do not include necessary personal property such as, but not necessarily limited to, household furniture, daily-use autos, clothing, assets of an active business, or special equipment for use by the disabled.

2. Within the past two (2) years, I/we have sold or given away assets (including cash, real estate, etc.) for more than \$1,000 below fair market value (FMV). Those amounts equal a total of: \$ _____ (enter the difference between FMV and the amount you received).
3. I/we have not sold or given away assets (including cash, real estate, etc.) for less than fair market value during the past two (2) years.
4. I/we do not have any assets at this time (do not check this box if you have entered any numbers in section 1, above).

The net family assets (as defined in 24 CFR 813.102) above do not exceed \$50,000 and the annual income from the net family assets is \$ _____ (enter the total of all (A*B) Annual Income in section 1 above). **This amount is included in total gross annual income.**

Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

Applicant/Tenant

Date

Applicant/Tenant

Date

Exhibit G

Form of Project Funding Certificate

AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership (“Developer”) has entered into that certain Redevelopment Agreement with the HOUSING AND REDEVELOPMENT AUTHORITY OF EDINA, MINNESOTA (the “Authority”), dated effective as of June 11, 2020 (the “Agreement”).

Developer hereby certifies to the Authority, pursuant to Section 4.6 of the Agreement, that the funding sources identified in Exhibit 1, attached hereto, have been fully committed and available to Developer for the construction of the Project.

Dated: _____

DEVELOPER:

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Christopher J. Stokka
Its: Chief Manager

Exhibit 1
to
Project Funding Certificate
(Amundson Flats)

Exhibit H

Form of Affordable Housing Restrictive Covenant

DECLARATION OF COVENANTS AND RESTRICTIONS (Affordable Housing)

THIS DECLARATION OF COVENANTS AND RESTRICTIONS (this “Declaration”) is made as of the ____ day of _____, 2020, by AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership (“Declarant”).

Recitals

A. Declarant is the owner of certain real property situated in the city of Edina (the “City”), county of Hennepin, state of Minnesota, located at 7075-7079 Amundson Avenue and legally described in the attached **Exhibit A** (the “Property”).

B. Declarant and the Housing and Redevelopment Authority of Edina, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “Authority”) are parties to that certain Redevelopment Agreement dated June 11, 2020 (as may be amended from time to time, the “Redevelopment Agreement”).

C. The Redevelopment Agreement provides for the redevelopment of the Property by Declarant with the cooperation and assistance of the Authority and provides for the expenditure of certain public funds to assist in such redevelopment of the Property and construction thereon of a four-story, 62-unit, 100% affordable, “workforce” housing community, known as “Amundson Flats” (the “Project”).

D. The City, by Resolution No 2020-27, dated February 19, 2020, approved Declarant’s development plan and rezoning for the Project (“Approvals”).

E. Pursuant to the Redevelopment Agreement and as a condition to the Approvals, Declarant has agreed to impose certain restrictive covenants upon the Property to ensure that at least 100% of the housing units within the Project will remain affordable to certain low-income persons and households (“Affordable Units”).

F. Declarant, under this Declaration, intends, declares, and covenants that the restrictive covenants set forth herein governing the use, occupancy, and transfer of the Project shall be and are covenants running with the Property for the Term stated herein and binding upon all subsequent owners of the Property for such Term, and are not merely personal covenants of Declarant.

G. Capitalized terms in this Declaration have the meaning provided in the Redevelopment Agreement unless otherwise defined herein.

NOW, THEREFORE, Declarant makes the following Declaration, hereby specifying that said Declaration shall constitute covenants to run with the land and shall be binding on all parties in interest and their respective successors and assigns:

1. Use Restriction. The Property shall not be used for any purpose other than a multifamily rental housing facility and related activities meeting the requirements set forth in Section 2 hereof, without

the prior written approval of the City and the Authority during the period commencing on the date hereof (“Commencement Date”) and ending on the later to occur of the (a) 40-year anniversary of the Commencement Date and (b) expiration of the last of the leases with a Qualifying Tenant for an Affordable Unit (the “Term”). Declarant’s obligation to operate the Project subject to this Declaration for the Term is independent of the existence and continuance of any public assistance contemplated or given by the Authority or the City to Declarant under the Redevelopment Agreement, or otherwise (“Public Assistance”). The provisions of this Declaration are intended to survive the termination or extinguishment of any Public Assistance, any mortgage securing the same, and any other security instruments placed of record in connection with the Public Assistance and to survive the termination of any subsequent financing or security instruments placed of record by other lenders.

2. Occupancy Requirements and Restrictions.

(a) Affordable Units. The Affordable Units will consist of the following mix of affordability levels:

(i) at least **eight** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 30% of AMI (each a “30% Unit”), four of which will be set aside for High Priority Homeless individuals (the “HPH Units”) and four of which will be set aside for People with Disabilities (the “PWD Units”). If any subsidy in connection with the HPH Units or PWD Units is withdrawn or otherwise no longer available, the 30% Units may be reserved for households who have a combined gross annual income which does not exceed 60% of AMI for the HPH Units and 50% of AMI for the PWD Units;

(ii) at least **31** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 60% of AMI (each a “60% Unit”); and

(iii) at least **23** of the Affordable Units will be reserved for households who have a combined gross annual income which does not exceed 70% of AMI (each a “70% Unit”).

For purposes of this Declaration, “AMI” means the Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area (including adjustments for household size), as determined by the U.S. Department of Housing and Urban Development (“HUD”). Recent federal legislation has introduced an income averaging option for the low-income housing tax credit program. This legislation allows projects to accept residents with higher average median incomes as long as the overall average of the income of tenants in the project does not exceed sixty percent (60%) of the area median income, which provides low income housing projects the ability to serve tenants with a greater range of incomes (“Income Averaging”). The Minnesota Housing Finance Agency allows Income Averaging for the low income housing tax credit program to be used for the Project. This Agreement requires the Declarant to cause one hundred percent (100%) of the Affordable Units in the Project to be affordable to families at various levels using Income Averaging, if applicable; provided, however, the overall average of the income of tenants of the Project shall not exceed sixty percent (60%) of the area median income.

(b) Qualifying Tenants. Each Affordable Unit shall be leased to and occupied (or held vacant and available for occupancy) for the duration of the Term only by a household who, at initial occupancy, has a combined gross annual income which does not exceed the respective AMI threshold for each type of Affordable Unit (each a “Qualifying Tenant”) (e.g., each 30% Unit may

only be leased to and occupied by a Qualifying Tenant whose gross annual income does not exceed 30% of AMI, etc.). Each subsequent tenant of an Affordable Unit must be a Qualifying Tenant.

(c) Rental Rates. Each Affordable Unit shall bear annual rents not greater than the rental rate limits for the applicable Qualifying Tenants (adjusted for bedroom count, and including utilities and mandatory fees) as determined and announced from time to time by HUD and as published annually by the Minnesota Housing Finance Agency (or any successor agency(ies) administrating government affordable housing programs), and if such agency ceases to publish and update such rates during the Term, such annual rents for the Affordable Units shall not be greater than 30% of the respective AMI thresholds listed in Section 2(a) (e.g., annual rents for the 50% Units shall not be greater than 30% of 50% of AMI). Notwithstanding the foregoing, if any subsidy or housing support in connection with the HPH Units or PWD Units is withdrawn or otherwise not available, the rents for the 30% Units may be increased to 50% of AMI.

(d) Certification of Tenant Eligibility. No tenant household shall be approved by Declarant for initial occupancy of an Affordable Unit unless and until Declarant has determined (through verification of income, assets, expenses, and deductions) whether such tenant household is a Qualifying Tenant. Each person who is intended to be a Qualifying Tenant will be required at the commencement of the initial lease of an Affordable Unit to sign and deliver to Declarant a “Certification of Tenant Eligibility” substantially in the form attached as Exhibit B, or in any other form as may be approved in writing by the Executive Director of the Authority or the City Manager of the City (the “Eligibility Certification”), in which the prospective tenant certifies as to qualifying as a Qualifying Tenant. Eligibility Certifications may be obtained no more than 120 days before a Qualifying Tenant occupies an Affordable Unit. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority or the City to substantiate the Eligibility Certification. Eligibility Certifications will be maintained on file by Declarant with respect to each Qualifying Tenant who resides or resided in an Affordable Unit for a period of 10 years following the end of the Term. Declarant must re-examine and verify the income of each tenant household living in an Affordable Unit annually unless, during such year, no Affordable Unit is occupied by a new tenant household whose income exceeds the applicable income limit for Qualifying Tenants. In addition, no re-certification shall be required if a Qualifying Tenant moves to a different Affordable Unit.

(e) Leases. The Affordable Units shall be rented pursuant to a written lease, and the term of each such lease shall be least 12 months, except that during the final year of the Term, new leases for the Affordable Units may be for a term of no less than six months, and such newly leased Affordable Units shall be subject to the terms and conditions of this Declaration until the expiration of such new leases. In addition, the form of lease to be utilized by Declarant in renting any Affordable Unit to any person who is intended to be a Qualifying Tenant shall:

(i) not require a security deposit in excess of the amount of one month of rent in connection with any Affordable Unit;

(ii) provide that rental rates charged to any Qualifying Tenant of an Affordable Unit cannot be increased more than once in any 12-month period.

(iii) provide for termination of the lease and consent by the person to eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification;

(iv) include a clause wherein each individual tenant or tenant certifies the accuracy of the statements made in its application and Eligibility Certification; and

(v) include a clause wherein each individual tenant or tenant certifies that the family income at the time the lease is executed will be deemed substantial and material obligation of the tenant's tenancy; that the tenant will comply promptly with all requests for income and other information relevant to determining low or moderate income status from Declarant, the Authority, or the City, and that the tenant's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the tenant's tenancy of its Affordable Unit.

(f) Affordable Unit Mix. The Affordable Units shall be distributed as follows:

- (i) **Eight**, one-bedroom units (which will be no less than **700** square feet in size);
- (ii) **23**, two-bedroom units (which will be no less than **965** square feet in size); and
- (iii) **31**, three-bedroom units (which will be no less than **1,200** square feet in size).

Changes in the distribution of units set forth below shall require the prior written approval of the Executive Director of the Authority and City Manager of the City.

3. Enforcement of Covenants and Restrictions.

(a) Annual Certification. Declarant shall prepare and submit to the Authority and the City, annually for approval on the basis of compliance with this Declaration, a certificate substantially in the form of the attached Exhibit C, executed by Declarant, (i) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants, including the percentage of the dwelling units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (ii) describing all transfers or other changes in ownership of the Project or any interest therein; and (iii) stating that all Affordable Units were rented or available for rental on a continuous basis during the year to Qualifying Tenants and that Declarant was not otherwise in default under this Declaration during the year. The initial deadline for submission of such certification is three months following the Commencement Date and thereafter an annual deadline for submission of January 31.

(b) Books and Records. Declarant shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Authority or City, to inspect any books and records of Declarant regarding the Project with respect to the incomes of tenant households of Affordable Units and the rents charged for Affordable Units to ensure compliance with the requirements of this Declaration. At the City's or Authority's request, Declarant will submit any other information, documents or certifications that Declarant, in its reasonable discretion, deems necessary to substantiate Declarant's compliance with the requirements of this Declaration.

(c) Delegation; Third-Party Monitoring. Each of the Authority and the City may, in their reasonable discretion, delegate their obligations hereunder and responsibilities for monitoring

and enforcement of this Declaration to a separate subdivision of the City and/or one or more designated contractors, subcontractors, or agents. Declarant shall, upon annual invoicing, reimburse the Authority and the City for third-party expenses related to monitoring of Declarant's compliance with this Declaration, including any additional costs necessitated by re-inspections for noncompliance with this Declaration.

(d) City Affordable Housing Policy. The Project and the Affordable Units shall be subject to the terms and condition of the City's Inclusionary Housing Policy Program, as may be amended from time to time.

(e) Notice of Non-Compliance. Declarant shall immediately notify the Authority and the City if at any time during the term of this Declaration the dwelling units in the Project are not occupied or available for occupancy as required by the terms of this Declaration.

4. Additional Covenants, Representations, and Warranties of Declarant.

(a) Legal Compliance. Declarant shall maintain the Affordable Units and the Project in compliance with all requirements of the Redevelopment Agreement and Approvals, any requirements of any lender whose loan is secured by a mortgage to which Declarant is a party or by which it or the Project is bound, and applicable ordinances, building and use restrictions, code-required building permits, and any requirements with respect to licenses, permits, and agreements necessary for the lawful use and operation of the Project.

(b) No Violation. The execution and performance of this Declaration by Declarant (i) will not violate or, as applicable, have not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which Declarant is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) Section 8 Housing. Declarant shall accept tenants who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. Declarant shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders solely because of the status of the prospective tenant as such a holder.

(d) Underserved Populations. Declarant shall affirmatively market the Affordable Units to one or more traditionally underserved populations as affordable at the rates required hereunder.

(e) LIHTC LURA. The City and the Authority acknowledge that, upon completion of the Project, the Property will be encumbered by a land use restriction agreement ("LURA") in connection with low income housing tax credits obtained by Declarant for the Project in accordance with Section 42 of the Internal Revenue Code ("LIHTC"), restricting the use of the Property to affordable housing in accordance with LIHTC requirements. For so long as the LURA remains in effect against the Property, this Declaration shall be subordinate to the terms and conditions of the LURA and to the extent of any conflict or inconsistency between the terms of the LURA and the terms of this Declaration, the terms of this LURA shall prevail and such prevailing terms shall be deemed to be modify and replace the applicable terms of this Declaration. If the LURA is terminated prior to the expiration of the Term, then this Declaration will continue in full force and effect in accordance with its original terms until the expiration of the Term.

(f) Consents and Subordination. Declarant shall obtain the consent to this Declaration of any prior recorded lien-holder for the Property and shall cause such liens to be subordinated to this Declaration. Other than the LURA, Declarant has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof and that, in any event, the requirements of this Declaration are paramount and controlling as to the rights and obligations set forth herein and supersede any other document's provisions in conflict herewith.

(g) Transfer Restrictions. Subject to the terms and conditions of the Redevelopment Agreement and the Approvals, Declarant may sell, transfer or exchange the Project, the Property or any portion thereof, but Declarant shall notify the Authority and the City in writing at least 60 days prior to such sale, transfer or exchange, and use commercially reasonable efforts to obtain the acknowledgment of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the covenants and restrictions of this Declaration (and to the requirements of Redevelopment Agreement incorporated herein). Such notification shall not be required by any lender foreclosing on the Property, or any subsequent sale by such lender. Failure by Declarant to obtain such acknowledgment shall not be deemed to impair the covenants and restrictions of this Declaration.

(h) Alterations; Use. Declarant shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any residential unit for any purpose other than rental housing during the Term of this Declaration unless required by law.

(i) Casualty. Promptly upon any casualty loss or damage to all or any part of the Project (including subsurface structural support elements), Declarant shall proceed with diligence to restore the Project to the condition prior to the casualty with the insurance proceeds obtained with respect to the loss or damage to the extent the insurance proceeds recovered allow for such rebuilding; provided, however, Declarant shall not be obligated to rebuild the Project if any of Declarant's lenders or loan agreements (whether executed before or after the date hereof) do not permit such rebuilding or require that insurance amounts recovered with respect to any loss or damage to the Project be paid directly to the lender.

5. Remedies; Enforceability. In the event of a violation or attempted violation of any of the covenants, conditions or restrictions herein contained, the City or the Authority may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation, or enforce specific performance by Declarant of the covenants, obligations, conditions and/or restrictions set forth herein, or to recover monetary damages caused by such violation or attempted violation. Declarant specifically acknowledges that the City and the Authority cannot be adequately compensated by monetary damages in the event of any default hereunder. Unless terminated as provided herein, the provisions hereof are imposed upon and made applicable to the Project, and shall be enforceable against Declarant, each purchaser, grantee, owner or tenant of the Project and the respective heirs, legal representatives, successors and assigns of each. No delay in enforcing the provisions of said covenants, conditions and restrictions as to any breach or violation shall impair, damage or waive the right to enforce the same or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times. In addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the City or the Authority may exercise any remedy available to it under the Redevelopment Agreement.

6. Indemnification. Declarant hereby indemnifies, and agrees to defend and hold harmless, the Authority, the City, and their respective officers, officials, employees, and agents, from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits,

allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by Declarant to comply with the terms of this Declaration, or on account of any representation or warranty of Declarant contained herein being untrue.

7. Covenants Running With the Land. Declarant intends, declares and covenants, on behalf of itself and all future owners and operators of the Property and the Project during the Term, that this Declaration and the covenants and restrictions set forth in this Declaration regulating and restricting the use, occupancy and transfer of the Property and the Project (a) shall be and are covenants running with the Property and the Project, encumbering the Property and the Project for the Term, binding upon Declarant's successors in title and all subsequent owners and operators of the Property and the Project; (b) are not merely personal covenants of Declarant; and (c) shall bind Declarant (and the benefits shall inure to the Authority and the City) and its respective successors and assigns during the Term. Declarant hereby agrees that any and all requirements of the laws of the State of Minnesota to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full and that any requirements of privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the land. For the Term, each and every contract, deed or other instrument hereafter executed conveying the Property and the Project or portion thereof shall expressly provide that such conveyance is subject to this Declaration; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Property and the Project or portion thereof provides that such conveyance is subject to this Declaration.

8. Notices. Any notice, approval, consent, payment, demand, communication, authorization, delegation, recommendation, agreement, offer, report, statement, certification or disclosure required or permitted to be given or made under this Declaration, whether or not expressly so stated, shall not be effective unless and until given or made in writing and shall be deemed to have been duly given or made as of the following date: (a) if delivered personally by courier or otherwise, then as of the date delivered or if delivery is refused, then as of the date presented; or (b) if sent or mailed by certified U.S. mail, return receipt requested, or by Federal Express, Express Mail or other mail or overnight courier service, then as of the date received. All such communications shall be addressed as follows (which address(es) for a party may be changed by that party from time to time by notice to the other parties). No such communications to a party shall be effective unless and until deemed received at all address(es) for such party:

Declarant at: Amundson Flats, Limited Partnership
Attention: Chris Stokka
7645 Lyndale Avenue South
Minneapolis, MN 55423

The Authority at: Housing and Redevelopment Authority of Edina, Minnesota
Attention: Executive Director
4801 West 50th Street
Edina, MN 55424

with a copy to: Dorsey & Whitney LLP
Attention: Jay R. Lindgren
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

The City at: City of Edina
Attention: City Manager

4801 W. 50th Street
Edina, MN 55424

with a copy to: Dorsey & Whitney LLP
Attention: Jay R. Lindgren
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

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

9. Amendment. The provisions of this Declaration shall not be amended, terminated or deleted during the Term hereof, except by an instrument in writing duly executed by the Authority, the City, and Declarant, their respective successors and assigns.

10. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against Declarant to enforce the provisions of this Declaration, Declarant agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the City and/or the Authority in connection with the action.

11. Governing Law. This Declaration is governed by the laws of the state of Minnesota and, where applicable, the laws of the United States of America.

12. Severability. If any provisions hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

[Remainder of Page Intentionally Left Blank. Signature Pages Follows]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the date first written above

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Name: Christopher J. Stokka
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____, 2020, by Christopher J. Stokka, the Chief Manager of Edina Group LLC, a Minnesota limited liability company, the general partner of AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership, on behalf of the limited partnership.

Notary Public

THIS DOCUMENT WAS DRAFTED BY:
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

Exhibit A

Legal Description of the Property

[Part 1:

Lot 2, Block 1, Amundson's Terrace.

Part 2:

That part of the most Northerly 70 feet of Tract B, Registered Land Survey No. 1193, Hennepin County, Minnesota, lying West of the Southerly Extension of the East line of Lot 2, Block 1, Amundson's Terrace.

Hennepin County, Minnesota]¹

¹ NTD: Subject to change if recorded after final plat.

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 _____ Current Maximum Income Limit per Family Size: Household Income at Move-in _____	Household Meets Income Restriction at: <input checked="" type="radio"/> 60% <input type="radio"/> 50% <input type="radio"/> 40% <input type="radio"/> 30% <input type="radio"/> _____%	Current Income Limit x 140%: _____ Household Income exceeds 140% at recertification: <input type="radio"/> Yes <input type="radio"/> No
Household Size at Move-in: _____		2

PART VI. RENT

Tenant Paid Rent _____ Utility Allowance _____ GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges) _____ Maximum Rent Limit for this unit: _____	Rent Assistance: _____ RA Type _____ Other non-optional charges: _____ Unit Meets Rent Restriction at: <input checked="" type="radio"/> 60% <input type="radio"/> 50% <input type="radio"/> 40% <input type="radio"/> 30% <input type="radio"/> _____%
--	---

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS? If yes, choose a student explanation*(also attach documentation) <input type="radio"/> Yes <input checked="" type="radio"/> No	* Student Explanation <input type="radio"/> TANF assistance <input type="radio"/> Previously in Foster Care <input type="radio"/> Job Training Program <input type="radio"/> Single parent/dependent child <input type="radio"/> Married/joint return
--	--

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<input type="checkbox"/> HOME Income Status <input type="radio"/> <=50% AMGI <input type="radio"/> <=60% AMGI <input type="radio"/> <=80% AMGI <input type="radio"/> OI**	<input type="checkbox"/> Tax Exempt Income Status <input type="radio"/> Eligible <input type="radio"/> 50% AMGI <input type="radio"/> OI**	<input type="checkbox"/> AHDP Income Status <input type="radio"/> VLI <input type="radio"/> LI <input type="radio"/> OI**	<input type="checkbox"/> Other (specify below) _____ (Name of Program) Income Status <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> OI**
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** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

Exhibit C

Form of Certificate of Continuing Program Compliance

Certificate of
Continuing Program Compliance

Date: _____

The following information with respect to the Project located at 7075-7079 Amundson Avenue, Edina, Minnesota (the "Project"), is being provided by AMUNDSON FLATS, LIMITED PARTNERSHIP, a Minnesota limited partnership ("Declarant") to the City of Edina Minnesota, a Minnesota statutory city (the "City") and the Housing and Redevelopment Authority of Edina, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the "Authority"), pursuant to that certain Declaration of Covenants and Restrictions (Affordable Housing) dated _____, 20__ (the "Declaration"), with respect to the Project:

(A) The total number of Affordable Units which are available for occupancy is 62. The total number of these units occupied is _____.

(B) The total number of units occupied by "Qualifying Tenants," as the term is defined in the Declaration (for a total of 62 units) is _____ (may use the Table below or attach a rent roll)

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							
5							
6							
7							

8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

(C) Declarant has obtained a “Certification of Tenant Eligibility,” in the form provided as **Exhibit B** to the Declaration, from each Tenant named in above, and each such Certificate is being maintained by Declarant in its records with respect to the Project. Attached hereto is the most

recent "Certification of Tenant Eligibility" for each Tenant named in (B) above who signed such a Certification since _____, _____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the Authority and the City by Declarant.

(D) In renting the residential units in the Project, Declarant has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (B) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.

(E) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of Declarant which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(F) The Project is in continuing compliance with the Declaration.

(G) Declarant certifies that as of the date hereof at least 62 of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(H) The rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of Declarant, on _____, 20____.

AMUNDSON FLATS, LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Edina Group LLC
Its: General Partner

By: _____
Name: Christopher J. Stokka
Its: Chief Manager

Exhibit I

Form of Release of Reverter

RELEASE OF RIGHT OF REVERTER

Date: _____, 20__

FOR VALUABLE CONSIDERATION, the real property in Hennepin County, Minnesota, legally described on the attached **Exhibit A** is hereby released from that certain right of reverter (“Right of Reverter”) owned by the undersigned and described in Section 3.4 of that certain Redevelopment Agreement dated as of June 11, 2020, as evidenced by Memorandum of Redevelopment Agreement, dated as of June 11, 2020 and filed June __, 2020, as Document No. _____ in the Office of the Hennepin County Recorder (collectively, the “Redevelopment Agreement”). Except as set forth in this instrument, all of the terms, covenants, and conditions of the Redevelopment Agreement remain in full force and effect.

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

HOUSING AND REDEVELOPMENT AUTHORITY
OF EDINA, MINNESOTA

By: _____
Name: Scott Neal
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by Scott Neal, the Executive Director of the Housing and Redevelopment Authority of Edina, Minnesota, on behalf of said Authority.

Notary Public

DRAFTED BY, AND AFTER
RECORDING RETURN TO:
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

Exhibit A

Description of Property

Lot 1, Block 1, Amundson Flats, Hennepin County, Minnesota