

Agenda
Edina Housing and Redevelopment Authority
City of Edina, Minnesota
VIRTUAL MEETING
Thursday, April 8, 2021
7:30 AM

**Watch the meeting on cable TV or at EdinaMN.gov/LiveMeetings or
[Facebook.com/EdinaMN](https://www.facebook.com/EdinaMN).**

To participate in Community Comment:
Call 800-374-0221.

Enter Conference ID 7153347.

Give the operator your name, street address and telephone number.

Press *1 on your telephone keypad when you would like to get in the queue to speak.

A City staff member will introduce you when it is your turn.

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Meeting Agenda
- V. Community Comment

During "Community Comment," the Edina Housing and Redevelopment Authority (HRA) will invite residents to share new issues or concerns that haven't been considered in the past 30 days by the HRA or which aren't slated for future consideration. Individuals must limit their comments to three minutes. The Chair may limit the number of speakers on the same issue in the interest of time and topic. Generally speaking, items that are elsewhere on today's agenda may not be addressed during Community Comment. Individuals should not expect the Chair or Commissioners to respond to their comments today. Instead the Commissioners might refer the matter to staff for consideration at a future meeting.

- VI. Adoption of Consent Agenda

All agenda items listed on the consent agenda are considered routine and will be enacted by one motion. There will be no separate discussion of such items unless requested to be removed from the Consent Agenda by a Commissioner of the HRA. In such cases the item will be removed from the Consent Agenda and considered immediately following the adoption of the Consent Agenda. (Favorable rollcall vote of majority of Commissioners present to approve.)

- A. Draft Minutes of Regular Meeting March 25, 2021
- VII. Reports/Recommendations: (Favorable vote of majority of Commissioners present to approve except where noted)
 - A. Home Rehabilitation Program
 - B. Tenant Protection Ordinance
- VIII. HRA Commissioners' Comments
- IX. Executive Director's Comments
 - A. Grandview District Pedestrian Bridge

X. Adjournment

The Edina Housing and Redevelopment Authority wants all participants to be comfortable being part of the public process. If you need assistance in the way of hearing amplification, an interpreter, large-print documents or something else, please call 952-927-8861 72 hours in advance of the meeting.



Edina Housing and Redevelopment
Authority
Established 1974

CITY OF EDINA
HOUSING & REDEVELOPMENT
AUTHORITY
4801 West 50th Street
Edina, MN 55424
www.edinamn.gov

Date: April 8, 2021

Agenda Item #: VI.A.

To: Chair & Commissioners of the Edina HRA

Item Type:
Minutes

From: Liz Olson, Administrative Support Specialist

Item Activity:
Action

Subject: Draft Minutes of Regular Meeting March 25, 2021

ACTION REQUESTED:

Approve the regular minutes of March 25, 2021.

INTRODUCTION:

See attached meeting minutes of March 25, 2021.

ATTACHMENTS:

Draft Minutes of Regular Meeting March 25, 2021

**MINUTES
OF THE REGULAR MEETING OF THE
EDINA HOUSING AND REDEVELOPMENT AUTHORITY
MARCH 25, 2021
7:30 A.M.**

I. CALL TO ORDER

Chair Hovland called the meeting to order at 7:32 a.m. and noted the meeting was being held virtually to comply with the Governor's Stay at Home Order due to the COVID-19 pandemic then explained the processes created for public comment.

II. ROLL CALL

Answering rollcall were Commissioners Jackson, Pierce, Staunton, and Chair Hovland.

Absent: Commissioner Anderson.

III. PLEDGE OF ALLEGIANCE

IV. MEETING AGENDA APPROVED - AS PRESENTED

Motion by Commissioner Jackson, seconded by Commissioner Pierce, approving the meeting agenda as presented.

Roll call:

Ayes: Commissioners Jackson, Pierce, Staunton, and Chair Hovland

Motion carried.

V. COMMUNITY COMMENT

No one appeared.

VI. CONSENT AGENDA ADOPTED AS PRESENTED

Member Jackson made a motion, seconded by Member Pierce, approving the consent agenda as presented:

VI.A. Approve minutes of the Regular Meeting of March 11, 2021

Rollcall:

Ayes: Commissioners Jackson, Pierce, Staunton, and Chair Hovland

Motion carried.

VII. REPORTS/RECOMMENDATIONS

VII.A. AMENDMENT TO NEW MULTI-FAMILY AFFORDABLE HOUSING POLICY – APPROVED

Affordable Housing Manager Hawkinson shared a report regarding an amendment to the new multi-family affordable housing policy. She stated the for-sale requirements for the new Multi-Family Affordable Housing Policy indicated the maximum sale price was \$425,000 and although this was the cap for the Come Home to Edina program that was directed to allow for single family home acquisition. She said as this policy covered multi-family ownership, \$425,000 did not meet the threshold for being affordable per the Metropolitan Council or Minnesota Housing. Ms. Hawkinson stated in order to count towards the goal of creating 992 new affordable units, staff proposed decreasing the ownership sales cap to serve households with incomes at 80% of AMI, which equaled a housing value of \$293,500, adjusted annually. She stated with construction costs increasing, the cost to develop an affordable unit within either a market rate development or on its own was also increasing and staff proposed the buy-in fee increase to \$125,000 per affordable unit not being included in a market rate development. She noted the buy-in fee had not increased since first introduced in 2018.

The Commission commented how this was a cost that resulted directly from climate change due to the nation's forest fires that eventually resulted in a needed policy change in Edina. They supported the increase in the buy-in and asked what do we do with those funds to keep progressing towards our goals. Ms. Hawkinson said we could use the buy-in funds to further different goals where there was not another source of funds identified and suggested partnering with Homes within Reach for opportunities for homebuying for lower income households.

The Commission asked more about the drop in acquisition limit from \$425,000 to \$293,500 and the difficulty to buy at that level. They spoke about strategy and how they could use buy-in funds to achieve objectives and stressed the importance of the continuum of affordability and difficulty with this goal based on where the subsidy comes from. Ms. Hawkinson explained how the policy pertained to multi-family and not single family and the other mechanisms for single family. She noted it was unlikely that an area would be used to build 24 new single-family homes but could be used for condos or townhomes that would serve households at 80% of area medium income and could include cost saving measures if possible and if not then subsidies would be needed.

The Commission asked more about unintended consequences as increasing the buy-in could affect the market and drive away developers which could result in both lost housing and funding for future housing. The Commission noted the policy had been amended over time and could be amended again if needed and that this proposal was based on good data. They spoke about the affordability period of 20 years and if needed could amend the policy to include building units that were permanently affordable too. Ms. Hawkinson agreed the affordability period could be reconsidered then noted Edina was an appealing community to develop in and the buy-in was more appealing than including affordable units due to the high cost of construction.

Motion by Commissioner Staunton, seconded by Commission Pierce, to approve the proposed changes to the new multi-family affordable housing policy.

Roll call:

Ayes: Commissioners Jackson, Pierce, Staunton, and Chair Hovland

Motion carried.

VII.B. AFFORDABLE HOUSING FINANCING TOOLS - RECEIVED

Ms. Hawkinson introduced Nick Anhut from Ehlers who presented various financing tools available to the HRA to support affordable housing development. Mr. Anhut reviewed affordable housing and the need for public financing, local roles, and examples of public assistance. He said the need for public financing was important because private financing was limited and explained how an affordable housing project reduced the project's overall return potential due to the size of a mortgage and making it a less attractive return because of the lower rent, therefore creating a gap. Mr. Anhut explained how public financing options included grants or fill-in funds over time through cashflow supplements then reviewed development roles of HRAs that ranged from public incentives to policy to using funds to acquire sites to attract developers to build the affordable housing. He reviewed tools available to HRAs which included tax increment financing or tax abatement, HRA levy, revolving loan funds, housing improvement areas, public project bonding, and regulatory incentives.

Commission consensus was to continue this topic to a future meeting.

VIII. HRA COMMISSIONERS' COMMENTS – Received

IX. EXECUTIVE DIRECTOR'S COMMENTS - Received

X. ADJOURNMENT

Motion made by Commissioner Jackson, seconded by Commissioner Staunton, to adjourn the meeting at 8:24 a.m.

Minutes/HRA/March 25, 2021

Roll call:

Ayes: Commissioners Jackson, Pierce, Staunton, and Chair Hovland

Motion carried.

Respectfully submitted,

Scott Neal, Executive Director



Edina Housing and Redevelopment
Authority
Established 1974

CITY OF EDINA
HOUSING & REDEVELOPMENT
AUTHORITY
4801 West 50th Street
Edina, MN 55424
www.edinamn.gov

Date: April 8, 2021

Agenda Item #: VII.A.

To: Chair & Commissioners of the Edina HRA

Item Type:
Report / Recommendation

From: Stephanie Hawkinson, Affordable Housing
Development Manager

Item Activity:

Subject: Home Rehabilitation Program

Action

ACTION REQUESTED:

Approve loan documents and service agreements with Center for Energy and Environment to administer and service the loans for the homeowner rehabilitation program.

INTRODUCTION:

On March 11 the HRA approved the Homeowner Rehabilitation program and authorized staff to engage an attorney to prepare and review loan documents and service agreements for the administration of this program.

This pilot program serves three purposes:

1. Allows higher income borrowers with higher valued homes than the County sponsored CDBG program to borrow funds to rehabilitate their homes.
2. Allows borrowers to rehabilitate their homes with no adverse effect on their monthly cash flow.
3. Provides a loan forgiveness provision if the house is sold to the HRA.

ATTACHMENTS:

Staff Report

CEE Loan Servicing Contract

CEE Administrative Contract

Borrower Mortgage

Borrower Note



Date: April 8, 2021

To: Chair and Commissioners of the HRA

From: Stephanie Hawkinson, Affordable Housing Development Manager

Subject: Home Rehabilitation Program

Information / Background:

On March 11 the Housing and Redevelopment Authority authorized City Staff to engage an attorney to proceed with reviewing loan documents and administrative agreements with Center for Energy and Environment (CEE) to carry out the proposed Home Rehabilitation program. Upon final approval and execution of the documents Staff will proceed with working with the CEE to market the program.

The housing rehabilitation pilot program augments the program offered by Hennepin County. The latter is supported through a portion of the City's allocation of Community Development Block Grant Funds (CDBG). The City based program in partnership with the CEE has broader goals: 1) Preserve modest homes, 2) promote sustainability, 3) provide a financing option that is fully deferred to save on monthly cash flow.

The proposed program would be available to households with incomes up to 125% of the Area Median Income; is deferred with a 2% simple interest and includes an option for principal and interest forgiveness. This option is available if the house is sold to the HRA and either placed into a Land Trust through West Hennepin Affordable Housing Land Trust, added to the Metro HRA affordable housing program, or preserved for long term affordability through another future mechanism.

Deferred Loan

On March 11 HRA Commissioners requested that Staff review a program that was interest only versus having interest and principal both deferred. After consulting with CEE and reviewing administrative costs, Staff recommends a fully deferred program for the following reasons:

1. At \$30,000 loan with 2% interest for the full 30-year, the interest payment would be \$18,000 and interest plus principal would be \$48,000. This is a relatively small amount compared to the appreciated value of a home over 30-years.
2. One element of this program is to save households monthly cost burden while providing an opportunity to improve their home.

3. With current interest rates so low, households with income up to 125% of AMI who are less concerned with monthly cash flow have other borrowing options in the marketplace.
4. The program is designed for people who want to improve their home and want to make sure that is preserved once they decide to sell. Some homeowners have expressed that there is no point in rehabbing their home as the next buyer will just tear it down.
5. A monthly interest payment creates less incentive to provide the City with first right of refusal to purchase the home when the owner is ready to sell.
6. The cost for administering an interest only loan verses a fully deferred loan is greater by \$4.00 per loan, per month, or \$11,520 greater for 8 loans.

Servicing Agreements

After reviewing budget proposals from both the Community Reinvestment Fund and CEE, Staff recommends that CEE service the loans in addition to administering the program.

CEE will perform the following:

- Assist in marketing the program.
- Accept and review program applications.
- Meet with applicants to inspect house and discuss rehabilitation priorities.
- Inspect final work when a City inspector is not required.
- Pay contractor.
- Service loans.

Program Expenses

Sources		Uses*	
AHTF	\$ 250,000	Loan	\$ 227,620
		CEE Administration	\$ 18,600
		CEE Servicing	\$ 3,780
	\$ 250,000		\$ 250,000

*Assumes 8 loans for 30-years at an average of \$28,452.50 each

Alignment with Comprehensive Plan

The Home Rehabilitation Program is a tactic to help fulfill Goals and Strategies approved on the 2040 Comprehensive plan and in the Housing Strategy Task Force report:

Comprehensive Plan

- Encourage the preservation, maintenance, and rehabilitation of existing subsidized and naturally occurring affordable rental and ownership housing.
- Increase housing stability and security of residents living in affordable housing.

- Maintain some of Edina's lower square footage housing stock in order to attract new residents and retain existing residents, including providing affordable options.
- Protect and maintain lifecycle housing that is important for attracting young families

Housing Strategy Task Force Report

- Develop program to incentivize property owners to keep their properties affordable.
- Offer resources to support senior residents seeking to age-in-place.
- Consider program of assisting income eligible property owners with rehabilitating their homes to extend their useful life in a manner that also complements the dwelling's character and is compatible with the character of the surrounding neighborhood.

Alignment with City Pillars

1. Sustainability

The Home Rehabilitation Program has been designed in partnership with the Sustainability Coordinator to help improve the energy efficiency and sustainability of Edina's older housing stock. To that end, in addition to a home advisor meeting with the borrowers to discuss health, safety and code issues, the borrowers will also meet with the Home Energy Squad to identify mechanisms to increase energy efficiency. The Home Energy Squad program is already offered to Edina Homeowners, so this pairing of the two program brings rehabilitation dollars to help address identified issues.

2. Equity and Inclusion

The primary purpose of this proposed program to is assist low- and moderate-income homeowners with their rehabilitation needs, including addressing accessibility issues. A secondary goal is to potentially secure moderate homes for future affordability. The loan will be secured by a mortgage with a term of 30-years. If a borrower sells their home within the 30-years they can either sell on the open market and repay the HRA the principal plus interest, or if they sell to the HRA for the appraised value, the loan will be forgiven. This is a mechanism to help preserve homes for future affordability. There is no guarantee that any home will be preserved, but it brings this option directly to the borrower.

3. Engagement

This type of program was recommended by the Housing Strategy Task Force and reviewed and supported by the Edina Housing Foundation.

Staff Recommendation

Staff recommends approval and execution of loan document and service agreements with Center for Energy and Environment.

LOAN SERVICING AGREEMENT

This LOAN SERVICING AGREEMENT (“Agreement”) is made by and between **CENTER FOR ENERGY AND ENVIRONMENT**, with offices at 212 Third Avenue North, Suite 560, Minneapolis, Minnesota 55401 (“CEE”) and **EDINA HOUSING AND REDEVELOPMENT AUTHORITY**, with offices at 4801 W 50th Street, Edina, MN 55424 (“Client”).

RECITALS

In consideration of their mutual undertakings and payments provided for herein, the parties recite, covenant, and agree to the following:

- A. CEE is a non-profit corporation engaged in the servicing of development loans; and represents that it is qualified and authorized to perform the services described herein; and
- B. Client originates, purchases, owns, and/or manages loans that benefit economically distressed or declining areas, disadvantaged persons, neighborhoods or community revitalization, foster job creation, or other section 501(c)(3) charitable purposes; and
- C. CEE is authorized by Client to function as a servicing agent under the terms of this agreement; and
- D. Client now desires to have CEE perform the duties set forth herein for the loans covered by this Loan Servicing Agreement (the “Agreement”).

NOW, THEREFORE, CEE and Client agree as follows:

1. *Duties of CEE*

CEE shall, at all times and with respect to all loans identified by Client (the “Client Loans”) which it has been engaged by the Client to service, employ its normal and regular servicing activities in the servicing of Client Loans to perform those responsibilities specifically set forth on Exhibit A (the “Services”). The parties acknowledge that, from time to time, the Services may be modified at the request of the Client and agreement by CEE. Such changes shall be mutually agreed upon and are not effective unless agreed to in writing by the execution of a revised Exhibit A.

2. *Effective Date*

CEE shall commence servicing activities under this agreement effective on the following date: _____, 2021 (“Effective Date”) and shall continue until terminated as provided in Section 16 of this Agreement.

3. *Servicing Compensation and Reimbursement*

Client shall compensate CEE for the Services in accordance with the fee schedule attached as Exhibit B of this Agreement and reimburse CEE for any of CEE's out of pocket third-party costs of recordation, perfecting or releasing liens, legal costs incurred, servicing of notices, repossession, foreclosure, and other similar costs paid by CEE on behalf of Client with respect to CEE's actions on specific Client Loan(s) (the "Fees"). CEE shall retain any late fee payments collected from borrower. CEE shall retain fees owed from Fund Remittance as provided in Exhibit A. CEE shall issue a report to Client showing fees netted with funds remitted to Client. Following the Initial Term, as hereinafter defined, CEE may increase the Fees from time to time by providing an updated Exhibit B to Client at least sixty (60) days prior to effective date of the new fee schedule and no more than one time annually.

4. *Initial Boarding of Clients*

In making this Agreement, CEE represents, warrants, and agrees to provide Client the Information for each Client Loan and the loan documents related to the Client Loans upon request.

For purposes of this Agreement, "Information" shall include the following:

- Borrower Full Name
- Property Address, if Secured
- Loan Amount
- Interest Rate
- Term
- Closing Date
- Monthly Payment Amount
- Payoff Date
- Amortization Schedule
- Closing Documents
- Servicing Records
- Complaint Resolution
- Collections Records (for Delinquent Accounts only)

Client will cooperate with CEE, and provide CEE such information and documents as may be necessary in CEE's discretion to perform its duties under this Agreement, reconcile any loan balance information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

5. *Ongoing Boarding of Client Loans*

On a regular basis, following the Effective Date of this Agreement, CEE will notify Client of newly originated Loans for which it will service under the terms of this Agreement.

Client represents, warrants, and agrees to cooperate with CEE, and provide CEE such information as may be necessary to perform its duties under this Agreement, reconcile any loan balance

information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

CEE represents, warrants, and agrees to onboard loans accurately according to the provisions provided by Client and shall, subject to Section 26. Force Majeure of this Agreement, remedy any onboarding errors within five (5) business days (or such shorter period as may be required by applicable law) after receipt of notice of such errors.

6. *Reports the Property of Client*

All reports, documents, and materials delivered by CEE to Client pursuant to this Agreement are the exclusive property of Client. Client may use any work product prepared by CEE in such manner, for such purpose, and as often as Client shall deem advisable, in whole, in part, or in modified form, without further compensation to CEE.

7. *Nature of Agreement*

CEE shall perform all of its services and duties hereunder at its own expense and without cost or charge to Client except as expressly provided in Exhibit B of this Agreement.

Governmental Approvals. CEE has obtained and will maintain in full force and effect, and satisfy at all times, all related eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all municipal, local, or other applicable governmental approvals, registrations, qualifications, permits, licenses, and other applicable authorizations that are required or necessary to perform and conduct the services and CEE's business in accordance with Applicable Requirements, as hereinafter defined.

For purposes of this Agreement, "Applicable Requirements" shall mean:

- (1) All applicable federal, state, and local legal and regulatory requirements binding upon CEE related to the performance of the Services;
- (2) All other final judicial and administrative judgments, orders, stipulations, awards, writs, and injunctions applicable to CEE; and
- (3) The reasonable and customary practices of prudent loan servicing providers that offer the same types of services as CEE for the same types of loans serviced by CEE in the jurisdictions in which CEE operates.

8. *Disaster Recovery*

CEE shall take all commercially reasonable precautions to mitigate the risks to information regarding the Client Loans in connection with disruptions to business operations due to fire, flood, storm, epidemic illness, equipment failure, sabotage, terrorism, natural disaster, disaster caused by humans, or electronic data system failures;

CEE shall keep duplicate records of all electronic information in its possession or control pertaining to Client Loans and shall store at least one copy of such duplicate records in a site remote from its main offices in the following manner:

- (1) Full backups of daily files for 7 consecutive days (weekly backup);
- (2) Full weekly backups rolled into monthly backups;
- (3) Monthly backups rolled into yearly files and kept for 7 years from the date loan is paid off;
- (4) Full daily backups of Cloud Data;
- (5) Daily Cloud backups rolled up into Monthly files and moved out of the Cloud into magnetic storage after 30 days;
- (6) In the event of a natural disaster or catastrophic failure of CEE's electronic data system, CEE shall have a period not to exceed 45 days from the date of such catastrophe to recover or reconstruct such lost data necessary for compliance with its disaster recovery obligations.

**The Cloud Provider's policy is subject to change. CEE will notify Client of any material changes in the event that they affect the security of the loans.*

9. *Equal Opportunity Employment*

CEE shall comply with all applicable provisions of the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.). CEE is an equal opportunity employer and will not discriminate against any person on the basis of race, color, creed, religion, sex, national origin, age, disability, marital status, sexual orientation, status with regards to public assistance, or any other characteristic protected by law.

10. *Compliance*

General. CEE shall comply with all Applicable Requirements.

Vendors. From time to time, CEE may engage vendors to perform certain tasks that may be included in CEE's performance of the Services. CEE shall follow commercially reasonable practices designed to ensure that any Services performed by vendors are in compliance with the Applicable Requirements and this Agreement.

Policies and Procedures. CEE will maintain and follow written internal policies and procedures related to the Applicable Requirements in connection with providing services to Client, including without limitation, policies and procedures for internal quality control, employee hiring and training, and other methods that ensure compliance.

Audit Rights. Client will have the right to audit CEE, at Client's own expense and not more than once per calendar year, for purposes of evaluating compliance with the terms of this Agreement. CEE will require full cooperation and will be responsible for assuring full cooperation by its employees and vendors in connection with such audits. CEE will and shall cause any vendor that performs tasks related to the Services to allow Client and its counsel, accountants, and other representatives, as well as the applicable regulatory authorities of Client, reasonable access upon

thirty (30) days advance written notice and only during normal business hours, to all of CEE and vendors' files, books and records directly relating to the Services performed for Client under this Agreement. CEE will provide, and shall require the vendor to provide, to Client, or obtain for Client, access to such properties, records, and personnel as Client may reasonably require, and shall provide Client with CEE's most recent audited financial statements and the names, resumes, and proof of any required licensures for all relevant personnel employed by CEE, the Client and its representatives and affiliates shall treat all information obtained in such investigation that is not otherwise in the public domain as confidential. CEE shall make financial statement audits available to Client on an annual basis, including any SSAE -16 audits that may be performed on behalf of CEE. CEE shall remit annual financial statement audit reports to Client upon request.

11. *Cooperation.*

Client agrees that it shall (a) promptly deliver to CEE (i) any communications that Client receives from a borrower relating to such borrower's loan, and (ii) any communication Client receives from any regulator, state or federal agency or other governmental entity relating to any borrower's loan that is being serviced by CEE or otherwise relating to CEE's loan servicing activities, and (b) cooperate with CEE regarding any claim, dispute, regulatory examination or investigation related to Client's loans and the services provided to Client by CEE under this Agreement.

12. *Indemnity*

CEE and Client each agree to indemnify, defend, and hold the other and each of their respective officers, directors, employees, agents, counsel, advisors, and representatives (each, an "Indemnified Party") harmless from and against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees, and expenses incurred by Indemnified Party arising out of any actions, demands, investigations, proceedings, claims, counterclaims, or defenses, made by or on behalf of any third party related to the failure of CEE or Client to perform its duties in compliance with the terms of this Agreement. Notwithstanding the foregoing, neither CEE nor Client shall indemnify any such Indemnified Party if such acts, omissions, or alleged acts constitute fraud, gross negligence, willful misconduct, or breach of fiduciary duty by such Indemnified Party. Neither CEE nor Client shall have an obligation to appear with respect to, prosecute, or defend any legal action which is not incidental to this Agreement.

12. *Taxes.* Neither CEE nor Client shall be responsible to the other party for any taxes owed by such party, including, without limitation, any federal, state, or local income or franchise taxes or other taxes, imposed on or measured by income received by such party (or any interest or penalties with respect thereto or arising from a failure to comply therewith) that are required to be paid by such party in connection herewith to any taxing authority.

13. *Reliance.* CEE and Client, and any director, officer, employee, or agent of CEE or Client respectively, may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder.

14. *Insurance*

During the term of this Agreement, CEE will obtain and maintain insurance in the amounts listed below:

General Liability	\$2,000,000	Aggregate Limit
Automobile Liability	\$1,000,000	Combined Single Limit
Excess Liability	\$1,000,000	Aggregate Limit
Professional Liability	\$1,000,000	Aggregate Limit
Workers Compensation		Statutory Limit

15. *Limitation of Liability*

CEE's role is strictly limited to the Services. Client will be solely responsible for making all decisions concerning the management of the Client Loans. At all times, Client will be responsible for the accuracy of all information provided to CEE, and CEE may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder. The sole duty of CEE is to exercise ordinary care in its performance of the obligations described in this Agreement. Client agrees that CEE, its officers, directors, agents, and employees ("CEE Representatives") will not be liable for events or circumstances beyond their reasonable control. Client and CEE agree that clerical errors and mistakes in judgment do not constitute a failure to exercise ordinary care or to act in good faith.

Neither party shall be liable to the other or any other person for any indirect, incidental, consequential, punitive or special damages whatsoever (including without limitation, any damages claimed for loss of income, revenue, or profits or for loss of goodwill) arising from or related to services provided pursuant to this agreement. The exclusive remedy available to Client shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by CEE of its duties under this agreement. Notwithstanding anything to the contrary in this Agreement, CEE's total aggregate liability arising out of or related to this Agreement shall not exceed the total amount of fees paid by Client to CEE pursuant to this agreement during the twelve (12) months immediately preceding the event giving rise to such action, excluding any third party costs.

16. *Term of Agreement: Termination*

The initial term shall commence on the Effective Date and continue for a period of three (3) years (the "Initial Term"). Thereafter, the Agreement shall automatically renew for successive one (1) year periods, unless CEE or Client provides written notice of non-renewal or amendment to the other party at least sixty (60) days before the end of the then current term. Notwithstanding the preceding, on the date corresponding to sixty days prior to the initial three-year anniversary, the contract will automatically extend to the next one-year anniversary date, unless notice of termination is given as specified in the following paragraph.

Either Client or CEE may terminate servicing by CEE with respect to any Client Loan or all Client Loans upon (a) ninety (90) days prior written notice delivered to the other party via email (and duly acknowledged by the other party) or (b) upon the occurrence of a CEE Termination Event (as defined below). Upon such termination, CEE shall promptly supply appropriate reports, documents, promissory notes, and other information as requested by Client or any person or entity designated by Client and shall use its commercial best efforts to effect the orderly and efficient transfer or servicing to the Client or a new servicer designated by Client subject to the fees described in Exhibit B.

If any of the following events with respect to CEE shall occur and be continuing, it shall be a “Termination Event”:

- A. Any failure by CEE to remit any payment required to be made under the terms of the Agreement which continues un-remedied for a period of ten (10) business days after such payment was required to be made (and such cured failure shall not be deemed a Termination Event); provided, however, that any such failure shall not constitute a Termination Event if such delay or failure could not have been prevented by the exercise of reasonable diligence by CEE, or such delay or failure was caused by events subject to Section 26. Force Majeure; or
- B. Any material breach by CEE or Client of their respective representations and warranties contained herein that materially and adversely affects the interests of the other, or any failure on the part of CEE or Client to observe or perform in any material respect any of the covenants or agreements other than as described in subsection A of this Section 14 and that continues un-remedied for a period of thirty (30) days after the date on which notice of such breach, requiring the same to be remedied, shall have been given to by the non-breaching party to the breaching party; provided, however, that if the breaching party certifies to the non-breaching party that it has in good faith attempted to remedy such breach, such cure period will be extended to the extent necessary to permit breaching party to cure such breach; or
- C. CEE or Client shall suffer a material adverse change in its financial condition that affects its ability to perform its obligations under this Agreement; or
- D. CEE or Client is subject to a bankruptcy or other proceeding relating to its liquidation or insolvency, or a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against CEE or Client and such decree or order shall have remained in force, undischarged or un-stayed for a period of sixty (60) days; or
- E. CEE or Client shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets or liabilities,

or similar proceedings of or relating to CEE or Client or of or relating to all or substantially all of such party's property; or

- F. CEE or Client shall admit in writing its inability to pay its debts as they become due, file a petition to take advantage of any application insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

17. Assignment of Rights

This Agreement may not be assigned by Client except with prior written consent of CEE, which consent shall not to be unreasonably withheld. CEE may not assign its rights under this Agreement without the prior written consent of Client.

18. Independent Contractor

Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of CEE shall be rendered as an independent contractor and not as an agent for Client, its successors and assigns, or any obligors or noteholders under the Client Loans.

19. Amendments

This Agreement may not be amended or modified except by a written agreement signed by the parties in interest at the time of such modification. Notwithstanding the foregoing, CEE may adjust the Fees by providing an updated Exhibit B as set for in Section 3 and all other Schedules may be changed by mutual agreement.

20. Confidentiality

Neither Client nor CEE shall disclose or use any Confidential Information of the other party or its affiliates, and each party will keep such Confidential Information confidential and will require that its affiliates, officers, employees, contractors, vendors, and advisors who have access to such Confidential Information comply with such non-disclosure and non-use obligations.

Notwithstanding the foregoing, Client or CEE may provide such Confidential Information as required pursuant to a court or administrative subpoena, court order or other such legal process or requirement of law; provided, however, that it shall endeavor to promptly notify the other of such request, order or requirement, unless such notice is prohibited by statute, rule, or court order. Nothing herein shall require either Client or CEE to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis.

Notwithstanding this section, CEE is expressly permitted to release information to borrowers upon written request regarding their specific loans; and, following receipt of borrower's written authorization to release information, CEE is expressly authorized to release such information regarding that borrower's loan to a third party.

CEE shall cause vendors, if any, not to use or disclose any Confidential Information of Client except in compliance with this Agreement. Notwithstanding the foregoing, a vendor may disclose Confidential Information as required pursuant to a court or administrative subpoena, order or other such legal process or requirement of law; provided, however, that it shall first notify Client of such request or requirement, unless such notice is prohibited by statute, rule or court order. CEE shall not, on Client's behalf, require a vendor to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis. CEE shall also cause vendors not to remove any Confidential Information from Client premises without Client's prior written authorization.

Each party shall limit access to the other party's Confidential Information to only those of its employees and agents who require such access in performing their duties hereunder. CEE agrees to either return the Confidential Information to Client or destroy the Confidential Information upon completion of the work or, in any event, upon termination of the Agreement between the parties. Except as expressly provided in this Agreement, no ownership or license rights are granted in any Confidential Information. Notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed to a party's accountants, attorneys, insurers, regulators and consultants. Notwithstanding the foregoing, a party may retain one archival copy of Confidential Information that may be used solely to demonstrate compliance with this Agreement, Applicable Law, and internal policies and procedures.

"Confidential Information" for purposes of this agreement, shall mean any information of CEE, Client, or their respective affiliates, whether written or oral, including:

- A. Financial Information, marketing plans, and personnel records;
- B. Technical and non-technical data, including without limitation, customer lists, customer information, costumer non-public information, fee schedules, forms, information, business and management methods, trade secrets, compilation and analysis of financial information and data to prepare and submit bids and proposals to third parties;
- C. Other proprietary or confidential information;
- D. Proprietary computer software, management information and information systems, whether or not such Confidential Information is disclosed or otherwise made available to one party or other pursuant to this Agreement;
- E. Terms and provisions of this Agreement and any transaction or document executed by the parties pursuant to this Agreement.

“Confidential Information” shall not include the following:

- A. Information that is or becomes generally available to and known by the public (other than as a result of an unpermitted disclosure directly or indirectly by the receiving party or its affiliates, advisors, or representatives);
- B. Information that is or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its affiliates, advisors, or representatives, provided that such source is not and was not bound by a confidentiality agreement with or other obligation of secrecy to the disclosing party of which the receiving party has knowledge at the time of the disclosure; or
- C. Information that has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or obligation secrecy to the disclosing party.

21. *Attorney In-Fact.* To enable CEE to carry out its obligations under this Agreement, Client hereby

- a. authorizes CEE (and its third party contractors) on behalf of Client to communicate as Client’s agent with (i) borrowers, guarantors, and others obligated in connection with a Loan by electronic means or otherwise, (ii) credit reporting bureaus and consumer reporting agencies selected by CEE, and (iii) to do or perform any other acts for purposes of carrying out its obligations hereunder, and
- b. appoints CEE as Client’s lawful attorney in fact to sign in the name of Client such documents as are necessary or appropriate for CEE to perform its obligations as contemplated under this Agreement, including without limitation checks and other documents necessary to process payments, proof of claims, and such other documents as Client may approve in writing, which approval shall not be unreasonably withheld or delayed. For the avoidance of doubt, such power-of-attorney shall be revocable, in whole or in part, at the sole discretion of Client; provided that, upon any such revocation, CEE shall not be liable for failure to perform any obligations under this Agreement for which such power-of-attorney is necessary, and such failure may be considered by CEE in its sole discretion as a basis on which to terminate this Agreement.

22. *Transfers.* Client shall provide CEE with all authorizations and information, and shall take all such further steps as may be necessary, in order to authorize and enable CEE to initiate the movement of funds by automated clearing house (“ACH”) or other electronic funds transfer.

23. *Notices*

All notices and communications as part of this Agreement must be in writing and, except as otherwise agreed in writing, must be delivered, mailed, faxed, or emailed, to the following addresses:

If to CEE:

Center for Energy and Environment
212 3rd Avenue North, Suite 560
Minneapolis, MN 55401
Attn: Ryan Ellis
Phone: 612.335.5862
Email: rellis@mncee.org

If to Client:

Edina Housing and Redevelopment Authority
4801 W 50th Street
Edina, MN 55424
Attn: City Manager
Phone: 952.826.0401
Email: sneal@edinamn.gov

24. Governing Law

This Agreement and each transaction consummated hereunder shall be deemed to be made under the internal laws of the State of Minnesota and shall be construed in accordance with and governed by the laws of the State of Minnesota, without regard to the choice of law rules of that state, except to the extent that any such laws may now or hereafter be preempted by Federal law.

25. Counterparts

This Agreement may be executed in several counterparts, each which shall be deemed an original, and all of which shall together constitute one and the same instrument.

26. Force Majeure

CEE and Client shall be excused from performing in accordance with the agreement in the event of an occurrence of “Force Majeure”. Force Majeure is defined as fire, floods, earthquake, tornado, explosion, catastrophe, accident, war or war-like operations (whether or not a state of war is declared), riot, Acts of God, acts of terrorism, insurrection, order of a Governmental Body and Applicable Laws that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the Party claiming Force Majeure, and (ii) the Party claiming Force Majeure gives prompt written notice of the same to the other Party. In the event of any such delay, the sole remedy shall be a time extension for the completion dates required by the Agreement, which extension shall be the time period lost by reason of the Force Majeure.

27. Entire Agreement

This Agreement (including the Exhibits to this Agreement), the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all other prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement. In the event of any inconsistency between the statements in the body of this Agreement, the Confidentiality Agreement and the Company Disclosure Letter (other than an

exception expressly set forth as such in the Company Disclosure Letter), the statements in the body of this Agreement will control.

28. *Authorized Persons*

CEE will provide a single login user name and password (together with any Client created user name and/or password, the “Credentials”) to Client for purposes of accessing CEE’s system (“Portal”) to obtain reporting regarding Client Loans. Client is encouraged to create its own unique Credentials for use in accessing the Portal promptly after receipt of Credentials from CEE. Client shall be solely responsible for the use and protection of the Credentials. Client agrees to maintain the confidentiality of the Credentials.

Client agrees that it shall be liable for all transactions initiated and authorized by means of the Credentials, whether or not actually authorized by the Client. Client further agrees that any person using the Credentials to access the Portal shall be deemed to be duly authorized by Client and such person using the Credentials shall be deemed to have full authority to act on behalf of Client. Client agrees to maintain a proper and complete log of individuals to whom it has provided access to Client portal and receipt of reports with respect to Client Loans or Client reports. Client shall promptly modify the Credentials in the event that any person to whom it has given the Credentials is no longer employed by or otherwise affiliated with Client.

Client shall appoint one or more officers or employees who are authorized to act on behalf of Client regarding this Agreement and the services provided by CEE hereunder (“Authorized Users”). CEE shall not be responsible for any correspondence with or access provided to any Authorized User. Client may add or remove Authorized Users by written notice to CEE. CEE may rely on any action taken by an Authorized User until an Authorized User’s authorization has been revoked by Client by written notice to CEE. CEE shall have a reasonable time to process any revocation received pursuant to this section.

Client’s agrees that the failure to protect Credentials may allow an unauthorized party to (i) use the services provided by CEE, (ii) access Client’s electronic communications and financial data, and (iii) send or receive information and communications on behalf of the Client. Unencrypted electronic transmissions are not secure, and Client assumes the entire risk for unauthorized use of Credentials and any unencrypted electronic transmissions. Client undertakes no obligation to monitor transactions initiated by valid Credentials to determine that they are made on behalf of or authorized by Client.

29. *Records*

Except to the extent otherwise required by Applicable Law, CEE shall retain all records relating to a Client Loan for at least one (1) year following termination of this Agreement or one (1) year from maturity or payoff of a Client Loan unless such documentation is requested by and delivered to Client at an earlier date. The records will be maintained in either hard copy or machine-readable (electronic) format. In the event CEE is no longer in existence, its successor shall continue to retain such records as provided above or deliver the records to Client.

30. *Deconversion*

In the event of termination of this Agreement, CEE will continue to service all existing Client Loans at the time of termination, at the fees in place at the time of termination. If Client desires to transfer the duties under this Agreement to a new servicer, CEE agrees to provide Client with electronic copies of the Client Loan records in CEE's standard format at the current rate being charge on a per loan charge by CEE, as well as any additional time charged on a per hour basis.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

**CENTER FOR ENERGY AND
ENVIRONMENT**

By _____
[Insert Name]
Its: _____

**EDINA HOUSING AND REDEVELOPMENT
AUTHORITY**

By _____
James B. Hovland
Its: Chair _____

By _____
Scott H. Neal
Its: Executive Director _____

LOAN SERVICING AGREEMENT

Exhibit A: Duties of Servicer

NEW LOAN SET UP

Loan Boarding

CEE will board the loan upon origination into CEE's servicing system. For any unsecured loan, CEE will board the new loan within three (3) Business days of origination. For any secured loan, CEE will board the new loan within three (3) Business days after the expiration of the right of rescission. CEE will confirm the funding pool and assure that the new loan draws off the correct pool.

For purposes of this Agreement, "business days" means calendar days other than weekends, official federal holidays, and non-banking holidays.

Reporting

CEE will report all amortizing loans to at least one of the three major credit agencies upon inception as it may designate in its sole discretion.

Quality Control Review

The loan and ACH entry instruction will be reviewed prior to activation to verify the servicing system matches the terms of the promissory note and any other programmatic requirements per the documents submitted.

Welcome Letter

A welcome letter will be sent to borrowers within five (5) business days after boarding. This letter shall include the toll free customer service number as well as an email address that is available for borrowers to use should they have a question regarding their loan. Customer service is available from 8:00 AM to 4:30 PM Central Time, on "business days". An automatic ACH enrollment form is included in the letter for borrowers to complete and return to CEE if they would like recurring payments to be initiated automatically by CEE. The letter will also contain instructions for borrowers to receive access to the online loan portal where they have access to all their loan information and ability to make payments.

STANDARD SERVICING –AMORTIZING/DEFERRED

Billing

Borrowers with loans that have regularly scheduled payments will receive billing statements on a monthly basis or other appropriate frequency based on terms of the promissory note.

Collection of Loan payments

CEE shall collect payments of principal, interest and any appropriate fees. CEE shall confirm the application of payments to be consistent with the loan documents as part of ongoing due diligence.

Customer Service

CEE shall provide customer service to borrowers from 8:00AM – 4:30 PM Central Time on “business days”. The customer service team is available through the toll free phone number or email at loanservicing@mncee.org. Borrowers will receive a response within five (5) business days following a question submitted to CEE. Borrowers are able to view loan information on the loan portal as well as schedule payments.

Past Due Collections

CEE will make reasonable efforts to maintain loans in a current status and will deal promptly with those which are delinquent in accordance with the Collection Activity section below. CEE will process loan defaults as directed by Client.

Reporting

CEE will provide standard monthly reporting for the prior month’s activities to Client no later than the 10th business day of each month. The standard reports are as listed:

- Loan Trial Balance
- Aged Delinquency
- Principal and Interest Collections
- New Loan
- Paid Loan
- Fee Scheduled
- Fee Earned

Special reports may be added at an additional cost for programming. (See Exhibit B for pricing)

IRS Reporting

CEE shall provide borrowers with the required IRS annual tax reporting.

Funds Remittance

CEE shall remit collected funds less servicing and other applicable fees and any late charges assessed to borrower by the 10th business day of the month. Late charges will be retained by CEE. Funds will be remitted via ACH. An invoice will be distributed detailing the servicing fees. CEE shall remit such funds by means of ACH or other electronic funds transfer to an account designated by Client.

COLLECTION ACTIVITY

Early Delinquency

CEE will make reasonable efforts to maintain loans in a current status and will make reasonable periodic efforts to contact borrowers who are delinquent, in order to encourage payment. Such efforts will be limited to those loans that are no more than 90 days past due.

- CEE will follow customary, usual and prudent business practices in servicing delinquent loans.

- CEE will send delinquency letters for loans 31- 60 days past due.
- CEE will continue sending letters and begin phone calls for loans 61-90 days past due.

Late Delinquency

CEE will make reasonable efforts to contact Borrowers, solicit payments, and return loans to a current status, where the loan has reached 90 or more days past due, in order to encourage payment.

- CEE will follow customary, usual and prudent business practices in servicing delinquent loans.
- CEE will send formal default letters for loans reaching 120 or more days past due.
- CEE shall continue phone calls to borrower at 90 days past due.
- After 120 days past due, Client shall determine next steps and CEE shall have no obligation to take further action regarding delinquent loans until directed by Client.

DEFAULT MANAGEMENT

Client shall be solely responsible for declaring a loan to be in default, and determining whether a loan is to be charged-off.

Loan Modifications

CEE shall respond to Client or Borrower requests for modifications to their loan terms, including Repayment Plans, Forbearance Agreements, Deferments, Extensions, Short Sales (Pre-Foreclosure Sales), or Negotiated Releases of collateral, obligors or guarantors (each a “Loan Modification”).

CEE shall make no decisions independent of the Client. Client shall have final approval of any Loan Modifications, unless Client has instructed CEE in writing that it may approve Loan Modifications pursuant to criteria established by Client.

CEE will follow customary, usual and prudent business practices in its review and processing of Loan Modifications, and keep Client informed of the status of such requests.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Loan Modification requests.

CEE shall monitor Borrowers for compliance with the terms of the loan modification and make such changes to the loan record as required by the modification terms.

Special Servicing

CEE shall perform special servicing actions and steps at the direction of the Client for loans subject to formal legal proceedings, including Bankruptcy, Foreclosure, Deed-in-lieu of Foreclosure, Collections suits, Repossession, and Charge-offs involving either an obligor(s) or guarantor(s).

CEE shall make no decisions or take actions independent of the Client, who shall have final say in approval of any Special Servicing actions (other than routine steps taken to protect or preserve Clients interests), unless Client has instructed CEE in writing that it may approve and take such actions.

CEE must employ staff with expertise in the above areas and maintain compliance with all applicable regulations.

CEE will follow customary, usual and prudent business practices in its review, processing, and management of Special Servicing of Client loans, and keep Client informed of the status of loans subject to Special Servicing.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Special Servicing Actions.

CEE shall monitor Borrowers who are subject to Special Servicing, consistent with the governing legal proceedings or requirements, and make such changes to the loan record as required to reflect the Special Servicing requirements. With respect to Bankruptcy, the Special Servicing shall include Filings, Proof of Claim, Repayment Plan setup and monitoring, and discharge/completion processing. (See Exhibit B for pricing)

Other Servicing

CEE shall perform the following additional servicing actions and steps for loans as requested by Client. CEE will follow customary, usual and prudent business practices in providing these services. The Client shall bear all of CEE's out of pocket costs for third parties related to these items. CEE will notify Client of the potential out of pocket costs prior to performing any of the additional actions.

- REO Marketing
- Insurance Inspections
- Default Inspections
- Property Valuation or Appraisal
- Property Preservation and security

SUBORDINATION PREPARATION

CEE will review subordination requests in accordance with the Client's subordination program requirements. Subordinations will be forwarded to the Client for signature if request meets the program requirements. Fees related to the subordination are paid by borrowers.

MORTGAGE SATISFACTION PREPARATION

Loan Payoffs

CEE will process loan payoffs, issue payoff statements as requested by authorized individuals within 30 calendar days and remit funds to Client. CEE shall draft mortgage satisfactions ("Satisfaction") within 30 calendar days after loan is paid in full to ensure funds received are cleared. The Satisfaction is then sent to client for signature. CEE shall provide instructions to borrowers as to how to properly record the Satisfaction. In the event that \$5 (five dollars) or less

of principle balance remains, CEE and Client will not attempt to collect the remaining fee and will consider the loan as satisfied.

FINAL/SPECIAL PROCESSING TRANSACTIONS

CEE shall charge additional fees in special circumstances such as a charge-off, foreclosure, servicing release, or any other transaction that is processed on a loan that is not paid in full but is no longer an active loan on the servicing system. This does NOT include processing a paid in full transaction.

LOAN SERVING CONTRACT

Exhibit B: Pricing Schedule

Activity	Description	Pricing
New Program Setup	Creating the new program in CEE Loan Servicing System and creating reports	\$500 one-time fee
New Loan Setup	Loan Boarded to servicing system and quality control review, welcome letter	\$20.00 one-time fee per loan
Standard Servicing Activities – Amortizing and Interest Only Payment Loans	Payment processing, billing notices, customer service, investor reporting, early collections	\$10.00 per loan per month
Standard Servicing Activities-Deferred Loans (no payments)	Payment processing, customer service, investor reporting	\$1.00 per loan per month
Collection Activity	Collection Work for loans past due 15-90 days	\$5.00 per loan per month on all amortizing loans
Default Management	Example of activities: Repayment Plan, Forbearance Agreement, Deferment, Extension	\$80.00 per hour plus any charges that may be incurred from 3 rd party vendor.
Subordination Preparation	Review request and Prepare subordination document	\$150.00 per request (Borrower Paid)
Mortgage/Deed of Trust Satisfaction Preparation	Create mortgage/deed of trust satisfaction (excludes recording / filing fees)	\$30.00 one-time fee per loan
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, loans not paid in full but no longer active on the servicing system	\$25.00 per transaction
Conversion/On-Boarding	Boarding Loans previously serviced by a different company	\$20.00 one-time fee per loan
Special Report Programming	Special report creation not included in standard report package	\$150.00 one time fee per report
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	\$75.00 one time fee per report
Special Project work	Special requests, such as assistance in audit preparation, special mailings etc...	\$80.00 per hour plus any charges that may be incurred from 3 rd party vendor.
Non Standard Servicing Activities	Any additional activities required for servicing a loan not specified in contract	\$80.00 per hour, fee will be set based on time to complete task on a regular basis

LOAN ORIGATION AGREEMENT

This LOAN ORIGATION AGREEMENT ("Agreement") is made by and between the EDINA HOUSING AND REDEVELOPMENT AUTHORITY, a body politic and corporate under the laws of the State of Minnesota, with offices at 4801 W 50TH ST, EDINA, MN 55424 ("Authority"), and CENTER FOR ENERGY AND ENVIRONMENT, with offices at 212 3rd Avenue North, Suite 560, Minneapolis, Minnesota 55401 ("CEE").

RECITALS

- A. The Authority has a need for certain professional services and desires to retain CEE to provide said services, all subject to the terms and conditions contained in this Agreement.
- B. CEE is qualified to provide the desired professional services and desires to provide said services for the Authority, all subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the parties agree as follows:

1. Services/Scope of Work

- 1.1 CEE shall in conjunction with the Authority develop and deliver the City of Edina Deferred Home Improvement Loan Program (hereinafter the "Program") and more fully described in Exhibit A attached hereto. All activities delivered under the Program shall be coordinated with the Authority's designated Economic Development Director.
- 1.2 CEE shall assist the Authority staff in marketing the Program. CEE shall insure that the Authority's sponsorship of the program is a prominent part of any marketing effort.
- 1.3 The funding source is exclusively from the Authority and the Program will be referred to as the Authority Funded Program.

2. Compensation

2.1 The Authority shall compensate CEE for services provided under this agreement according to the following schedule and more fully described in Exhibit B attached hereto:

<u>Loan Set Up Fee</u>	\$1,500
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The Authority shall pay CEE a one time Program set-up fee. This shall compensate CEE for time and labor to create the Program.

Loan Origination Fee

10% of the loan amount, not to exceed \$1,500 or be less than \$500 per loan.

The Authority shall pay CEE an Origination Fee for each loan closed using the Authority Funded Program. The Origination Fee shall compensate CEE for assisting borrowers with loan applications, preparation of loan documents, loan closing, escrow of funds, verification of projects being complete and other direct costs of processing loans. Mortgage filing, title work, credit report, flood and other applicable closing costs shall be paid by the borrower. CEE shall provide a copy of closing documents including the loan note and mortgage as documentation of the loan closing.

Annual Administrative Fee

\$2,500.00

This shall be due January 1st of each calendar year the contract is in effect. To begin in the year 2021. This fee shall be pro-rated the year the Program begins.

The Authority shall compensate CEE only for services completed.

Upon request, CEE will provide marketing services for the following fees:

Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to marketing. CEE will be reimbursed by the Authority for any non-labor, out-of-pocket expenses, relating to these services on a dollar-for-dollar basis with no mark-up. There is no cost for creating a program information sheet, creating links to CEE's website and assisting in writing articles to promote the Program.

2.2 CEE shall invoice the Authority not more than two times each month for the principal of loans and administrative fees. The Authority shall pay CEE within 20 days of receipt of the invoice.

3. CLIENT's Obligations

- 3.1 If requested by CEE, the Authority shall make reasonable efforts to respond promptly to requests from CEE for information and approvals regarding the services to be provided under this Agreement.
- 3.2 If requested by CEE, the Authority shall make reasonable efforts to obtain information and or permission for access from clients which may be necessary for CEE to provide the services under this Agreement.
- 3.3 The Authority shall provide sufficient funding to fund eligible Authority funded loans. The Authority shall determine the amount of funds allocated to the Program.
- 3.4 The Authority shall establish eligibility for the Authority Funded Program and shall provide these criteria in writing to CEE prior to commencement of any marketing efforts.

- 3.5 The Authority shall make reasonable efforts to respond promptly to requests from CEE for information and approvals regarding the services to be provided under this Agreement.

4. CEE's Obligations

- 4.1 CEE shall use its best efforts to provide services under this Agreement in a professional manner consistent with the care and skill used by reputable members of CEE's profession.
- 4.2 CEE, and all of its employees or agents, shall comply with all statutes, ordinances, rules, regulations and other laws applicable to the provision of services under this Agreement.
- 4.3 CEE shall secure all permits and licenses required for performance of the services under this Agreement.
- 4.4 CEE shall not engage in discriminatory employment practices against any employee or applicant for employment and shall in all respects comply with all federal, state and local laws, regulations and orders, including without limitation, Chapter 363A of the Minnesota Statutes, as amended from time to time. Failure to comply with the provisions hereof shall be deemed a material default under this Agreement.

5. Term and Termination

- 5.1 Unless earlier terminated as provided in the following paragraphs, this Agreement shall become effective on [REDACTED], and continue through 12/31/2022.
- 5.2 This Agreement may be terminated by either party, for any reason or no reason, immediately upon written notice to the other party. In the event this Agreement is terminated by CEE prior to the expiration of the term set forth in paragraph 5.1, the Authority shall compensate CEE for all services delivered up the date of termination, and CEE shall provide the Authority with such information as the Authority may request regarding the status of the Authority Funded Program.
- 5.3 Any termination of this Agreement shall not release either party from their respective obligations under sections 7 and 8 of this Agreement.

6. Insurance

- 6.1 During the term of this Agreement, CEE will obtain and maintain insurance in the amounts listed below:

General Liability	\$2,000,000	Aggregate Limit
Automobile Liability	\$1,000,000	Combined Single Limit
Excess Liability	\$1,000,000	Aggregate Limit
Workers Compensation		Statutory Limit

7. Liability and Indemnification

- 7.1 CEE represents that the services to be provided under this Agreement are reasonable in scope and that CEE has the experience and ability to provide the services.
- 7.2 CEE warrants that any services provided hereunder shall be done in a professional and workmanlike manner.
- 7.3 CEE shall indemnify, defend and hold harmless Authority and its officers, directors, employees and agents from and against any and all claims, damages, losses, injuries and expenses (including attorneys' fees and damages for death, personal injury and property damage) which Authority may incur as a result of any act or omission by CEE in providing services under this Agreement.

8. Confidentiality

Unless otherwise agreed by Authority in writing, CEE shall maintain in confidence and not disclose to any third party any information obtained regarding the Authority and/or any of Authority's clients for which CEE is providing services; provided, however, that this obligation to maintain confidentiality shall not apply to:

- a) Information in the public domain at the time of disclosure;
- b) Information which becomes part of the public domain after disclosure through no fault of CEE; or
- c) Information which CEE can demonstrate was known by it prior to the date of this Agreement.

Notwithstanding the foregoing, CEE shall be entitled to disclose the documents or client information covered by this paragraph to governmental authorities to the extent CEE reasonably believes it has a legal obligation to make such disclosures and to the extent CEE reasonably deems to be necessary; provided, however, that if CEE believes that any such disclosure is required by law, it shall provide advance notice to the Authority to provide the Authority with a reasonable opportunity to attempt to obtain an injunction or other protective order preventing such disclosure.

9. Relationship of Parties

CEE will provide services as an independent contractor under this Agreement. Neither CEE, nor any of its employees or agents, shall be considered employees of the Authority for any purpose, and neither shall CEE be eligible for any compensation or benefits which the Authority may provide to its employees from time to time. CEE shall be solely responsible for all employment and other taxes applicable to providing services hereunder, and the Authority will not withhold any taxes or contributions from the compensation payable to CEE under this Agreement.

10. Notices

All notices, requests, demands and other communications required to be given in writing under this Agreement shall be given to the other party in person or by mail as provided in this section. If delivered personally, notice shall be deemed to have been duly given on the date of delivery. If delivered by mail, such notice shall be sent via first class U.S. mail, postage prepaid, to the address set forth at the beginning of this Agreement or such other address as a party may otherwise request by written notice, and notice shall be deemed duly given three (3) business days after mailing.

11. Assignment

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns; provided, however, that neither party shall assign or transfer in any manner, this Agreement or any portion hereof without the prior written consent of the other party, and any attempt to assign or transfer without prior written consent shall be void and of no effect.

12. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

13. Miscellaneous

- 13.1 Headings and captions used in this Agreement are for convenience only and shall not affect the meaning of this Agreement.
- 13.2 This Agreement contains the entire agreement of the parties and supersedes all prior agreements, discussions and representations, written or oral, concerning the subject matter hereof.
- 13.3 No waiver by the Authority of any term or condition of this Agreement or any document referred to herein shall, whether by conduct or otherwise, be construed as a waiver or release of any other term or condition of this Agreement.
- 13.4 This Agreement may only be amended in a written agreement signed by both parties.
- 13.5 Except as expressly set forth in section 7, the rights and benefits under this Agreement shall inure solely to the benefit of the Authority and CEE, and this Agreement shall not be construed to give any rights, benefits or causes of action to any third party.
- 13.6 The invalidity or partial invalidity of any provision of this Agreement shall not invalidate the remaining provisions, and the remainder shall be construed as of the invalidated portion shall have never been a part of this Agreement.

13.7 CEE shall comply with the provisions of Minnesota Statutes Chapter 13 (Government Data Practices) that are applicable to the Authority and shall not disseminate any information concerning loan requests of the borrowers without the prior written approval of the Authority.

13.8 This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

The EDINA HOUSING and REDEVELOPMENT
AUTHORITY

By: _____ Its: Chair

Print Name James B. Hovland

Date: _____

By: _____ Its: Executive Director

Print Name Scott H. Neal

Date: _____

CENTER FOR ENERGY & ENVIRONMENT

By: _____ Its: _____

Date: _____ Tax ID # 41-1647799

EXHIBIT A

PROGRAM GUIDELINES

This document includes guidelines for the EDINA
DEFERRED HOME IMPROVEMENT LOAN PROGRAM

EDINA LOAN PROGRAM GUIDELINES

The EDINA HOUSING AND REDEVELOPMENT AUTHORITY (Authority) is making funds available for homeowners to assist with home maintenance and energy improvements. The Edina Deferred Home Improvement Loan Program is designed to supplement existing loan programs available from MHFA, CEE, private lenders and other housing resources. Center for Energy and Environment shall serve as the administrator for the Edina Deferred Home Improvement Loan Program.

Edina Deferred Home Improvement Loan

Interest Rate: 2% simple, non-compounding

Amortization Type: Deferred (No Monthly Payments Required; interest only option available)

Loan Amount: Minimum of \$2,000 and Maximum of \$30,000.

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project (as outlined in the bid(s)). Additional funds may come from personal savings, gifts, or other loan funds.

Loan term: Deferred for a period of 30 years or when the borrower sells, transfers title or if the home is no longer the primary residence of the original borrower, at which time 100% of the principal and interest is due. The loan may also become due and payable upon refinance. The loan principal and interest is 100% forgiven if the Edina Housing and Redevelopment Authority is offered first right of refusal, and the Authority acquires the property at appraised value. The Authority reserves the option to not acquire in its sole discretion. If the Authority choose not to acquire, the loan principal and interest is 100% forgiven if the Authority provides prior written approval for loan forgiveness on the condition that the property is sold to the Authority's partners (i.e. a housing and redevelopment authority or comparable organization). The Authority reserves the authority to withhold prior written approval for loan forgiveness in its sole discretion.

Eligible Properties: One to four unit properties located within the geographical boundaries of the City of Edina. Townhomes and Condominiums are eligible, subject to Association Bylaws. Property must have an Estimated Market Value at or below \$425,000. The property must be homesteaded or in the process of being homesteaded. Properties may be held in a Contract for Deed or Trust.

Ineligible Properties: Properties with more than four units, cooperatives, manufactured homes and properties used for commercial purposes.

Eligible Borrowers: All borrowers must be legal residents of the United States.

Ineligible Borrowers: Including but not limited to: Non-Occupant Borrowers, Borrowers with no ownership interest in the property and business entities.

Ownership/Occupancy: Owner- occupied only.

Loan - to - Value Ratio: The ratio of all loans secured by the property, including the new loan, should not exceed 110% of the property value. Half of the improvement value may be added to the initial property value.

Income Limit: The total gross annual household income cannot exceed 125% of the area median income based on household size. The income limits shall be determined by the U.S. Department of Housing and Urban Development (HUD), and is adjusted annually. Income shall be determined by the adjusted gross income from the most recent Federal Tax Return. If a Tax Return is not required, the income shall be determined by the projected gross income for the upcoming 12 months.

Debt - to - Income Ratio: N/A

Credit Requirements: All mortgage payments and property taxes must be current

Multiple Loans per Property: More than one loan per property is allowed, however, the outstanding balance(s) cannot exceed \$30,000.

Property Inspection: A Remodeling Advisor Visit and Home Energy Squad Visit must be done to determine the Eligible Use of Funds.

Eligible Use of Funds: Loans must be used first to address health, safety, and outstanding code violations. If there are no outstanding health, safety, or code violations, the funds may be used for energy improvements which are recommended through a Home Energy Squad Visit. If all of the previous items are being addressed adequately or are not necessary, the funds may be used for any permanent interior or exterior improvement including, but not limited to: roofing, siding, windows, doors, garage repair or replacement, interior remodeling, sidewalks/steps, driveways, solar and permanent landscaping.

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, non-permanent appliances (unless part of a kitchen remodel), and funds for working capital, debt service, homeowner labor or refinancing existing debts are NOT allowed.

Bids: One bid is required from a properly licensed contractor. However, the city reserves the right to request additional bids at its discretion. Only 1 bid/material list is required for sweat equity projects.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor.

Post Installation Inspection: Permits must be obtained and signed off by a City inspector where required; when not required, a post installation inspection will be performed by a city inspector to ensure the work has been completed before any funds will be released.

Loan Security: All loans will be secured with a mortgage in favor of The Edina Housing and Redevelopment Authority. Borrower will pay all applicable title and filing fees, which may be financed in the loan amount.

Borrower Fees: Borrower will be responsible for a, mortgage filing fees, flood certificate and credit report fees, as well as any other applicable loan fees.

Underwriting Decision All mortgage payments and property taxes must be current.

Work Completion: All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize exceptions on a case by case basis.

General Program Conditions for the Deferred Home Improvement Loan Program

Application Processing: Loans will be distributed on a first come first serve basis as borrowers qualify. **Applicants must provide a completed application package including the following in order to be considered for funding.**

- Completed and signed application form
- Proof of income
- Proof of Identity (driver's license, passport, etc.)
- Bids or estimates for proposed projects (if applicable)
- Other miscellaneous documents that may be required.

Disbursement Process: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds for the Revolving Loan Program:

- Final invoice or proposal from contractor (or materials list from supplier);
- Final inspection verification by a City Inspector;
- Completion certificate(s) signed by borrower and contractor;
- Lien waiver for entire cost of work;
- Evidence of city permit (if required)

EXHIBIT B

TOTAL PROGRAM BUDGET \$250,000

EDINA LOAN PROGRAM BUDGET

A. Loan Program Budget Allocation (includes Program Set Up Fee, Remodeling Advisor Fee (RAV), Post Installation Inspection (PII) Loan Origination Fee and Annual Administration Fee): \$250,000

Budget Notes:

1. CEE shall submit monthly invoices for origination fees and the principal loan amounts of closed loans for that period.
2. Services performed by CEE will initially be funded from the Total Program Budget as stated above and paid in accordance with the following schedule.

(1) Loan Origination Fee:	10% of the loan amount, not to exceed \$1,500 or be less than \$500 per loan closed
(2) Annual Administration Fee	\$2,500 (pro-rated from contract start date and then charged January 1 st of each year the contract is active)
(3) Program Set-Up Fee	\$1,500
(4) Remodeling Advisor Fee	\$225 per inspection
(5) Post Installation Inspection	\$100 per inspection

3. Loan Servicing
The Authority will contract directly with a servicing company.
4. Marketing
Marketing efforts will be supported by CEE, upon request, and marketing costs are not included in the administrative budget. Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to the labor of all program marketing. CEE will also be reimbursed by the Authority for any non-labor, out-of-pocket expenses relating to these services on a dollar-for-dollar basis.

THE MAXIMUM PRINCIPAL INDEBTEDNESS SECURED BY THIS MORTGAGE IS
\$_____.

MORTGAGE

(THIS MORTGAGE IS EXEMPT FROM THE PAYMENT OF MORTGAGE REGISTRATION TAX UNDER MINN. STAT. § 287.04 (F) IN THAT THE MORTGAGE RELATES TO A LOAN MADE UNDER A LOW AND MODERATE INCOME HOUSING PROGRAM BY A LOCAL GOVERNMENT AGENCY.)

THIS MORTGAGE is made this ____ day of _____, 20__, between the _____
_____ [indicate marital status] (herein "Mortgagor") and the Edina Housing and Redevelopment Authority, Minnesota, a Minnesota body corporate and public, whose address is 4801 W 50th St., Edina, MN 55424 (herein "Mortgagee" or "City").

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of U.S. \$ _____ which indebtedness is evidenced by Mortgagor's promissory note dated of even date herewith and extensions and renewals thereof (herein "Note"), providing for principal and interest, if not sooner paid, due and payable on [insert date] (the "Maturity Date") as defined in the Note or such other date as specified in the Note.

TO SECURE to Mortgagee the repayment of the indebtedness evidenced by the Note, with interest, thereon and all renewals, extensions and modifications; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance by Mortgagor of the covenants by Mortgagor and agreements contained herein and contained in the Note. Mortgagor does hereby mortgage, grant, and convey to Mortgagee, forever, with power of sale, the property located in the County of Hennepin, State of Minnesota legally described as:

(herein the "Property")
which has the street address of _____, Edina, Minnesota _____
(herein the "Property Address").

TOGETHER with all the buildings, improvements, fixtures and equipment now or hereafter attached to the property including, but not limited to, all heating, air conditioning, ventilation, plumbing, cooling, electrical and lighting fixtures and equipment, all landscaping, all exterior and interior improvements, all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights, profits,

water, water rights, and water stock, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing, together with said property are herein collectively referred to as the "Property".

MORTGAGOR COVENANTS that Mortgagor is lawfully seized of the Property and has the right to grant and convey the same; that the Property is free from all encumbrances, except for a first mortgage in favor of _____, its successors and assigns; and that the Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to declarations, easements or restrictions of record, if any. Mortgagor that all statements made in any certificate or other statement given by Mortgagor to obtain the loan secured by this Mortgage are true and correct.

PROVIDED, NEVERTHELESS, that if Mortgagor shall pay Mortgagee the sums evidenced by the Note according to the terms of the Note, and shall repay to Mortgagee, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, in payment of taxes on the Property and assessments payable therewith, insurance premiums covering buildings thereon, principal or interest on any prior liens, expenses and attorney's fees herein provided for and sums advanced for any other purpose authorized herein, and shall keep and perform all the covenants and agreements herein contained, then this Mortgage shall be null and void, and shall be released at Mortgagor's expense.

UNIFORM COVENANTS. Mortgagor and Mortgagee covenant and agree as follows:

1. Payment of Principal and Interest. Mortgagor shall promptly pay when due, the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note, and keep and perform all covenants contained in the Note.
2. Application of Payments. Unless applicable law provides otherwise, all payments received by Mortgagee under the Note and paragraph 1 hereof shall be applied by Mortgagee first to interest payable on the Note, and then to the principal of the Note.
3. Prior Mortgages and Deeds of Trust; Charges; Liens. Mortgagor shall perform all of Mortgagor's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Mortgagor's covenants to make payments when due. Mortgagor shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, leasehold payments or ground rents, if any.
4. Hazard Insurance. Mortgagor shall keep all buildings, improvements and fixtures now or later located on or a part of the Property insured against loss by fire, hazards within the term "extended coverage," vandalism, malicious mischief, and other hazards as the City may require and in at least the amount of the replacement cost at all times while any amount remains unpaid under this Mortgage and any prior liens.

Each insurance policy shall contain a loss payable clause in favor of the City affording all rights and privileges customarily provided under the so-called standard mortgage clause. In the event of damage to the Property by fire or other casualty, Mortgagor shall promptly give notice of such damage to City and the insurance company. The insurance shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to City. The insurance policies shall provide for not less than 30 days written notice to City before cancellation, non-renewal, termination, or change in coverage, and Mortgagor shall deliver to City a duplicate original or certificate of such insurance policies.

Unless City and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration of the property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not thereby impaired. If restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor, or if Mortgagor fails to respond to City within 30 days from the date notice is mailed by City to Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, City is authorized to collect and apply the insurance proceeds at City's option either to restoration or repair of the Property or to the sums secured by this Mortgage. However, this mortgage is subordinate to the first mortgage.

5. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Mortgagor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Mortgagor shall perform all of Mortgagor's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.
6. Protection of Mortgagee's Security. If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, the Note, the Mortgagor's Affidavit or in any other document executed in connection with this Mortgage, or if any action or proceeding is commenced which materially affects Mortgagee's interest in the Property, then Mortgagee, at Mortgagee's option, upon notice to Mortgagor, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such other action as is necessary to protect Mortgagee's interest.

Any amounts disbursed by Mortgagee pursuant to this paragraph 6, with interest thereon, at the Note rate, shall become additional indebtedness of Mortgagor secured by this Mortgage. Unless Mortgagor and Mortgagee agree to other terms of payment, such amounts shall be payable upon notice from Mortgagee to Mortgagor requesting payment thereof. Nothing contained in this paragraph 6 shall require Mortgagee to incur any expense or take any action hereunder.

7. Inspection. Mortgagee may make or cause to be made reasonable entries upon and inspections of the Property, provided that Mortgagee shall give Mortgagor notice prior to any such inspection specifying reasonable cause therefore related to Mortgagee's interest in the Property.
8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.
9. Mortgagor Not Released; Forbearance by Mortgagee Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Mortgage, granted by Mortgagee to any successor in interest of Mortgagor, shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successors in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse

to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Mortgagor and/or Mortgagor's successors in interest. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

10. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Mortgagee and Mortgagor, subject to the provisions of paragraph 14 hereof. All covenants and agreements of Mortgagor shall be joint and several. Any Mortgagor who co-signs this Mortgage, but does not execute the Note, (a) is co-signing this Mortgage only to mortgage, grant, and convey that Mortgagor's interest in the Property to Mortgagee under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage and (c) agrees that Mortgagee and any other Mortgagor hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that Mortgagor's consent and without releasing that Mortgagor or modifying this Mortgage as to that Mortgagor's interest in the Property.
11. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor provided for in this Mortgage shall be given, in writing and by personally delivering it or by mailing such notice by certified mail, addressed to Mortgagor at the Property Address or at such other address as Mortgagor may designate by proper written notice to Mortgagee as provided herein, and (b) any notice to Mortgagee shall be given in writing and by certified mail to Mortgagee's address stated herein or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein. Any notice provided for in the Mortgage shall be deemed to have been given to Mortgagor or Mortgagee upon receipt when served personally, or upon mailing when sent by certified mail when given in the manner designated herein.
12. Governing Law; Severalties. The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end, the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs," "expenses," and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.
13. Mortgagor's Copy. Mortgagor shall be furnished by Mortgagee with a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.
14. Transfer of the Property or a Beneficial Interest in Mortgagor. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Mortgagor is sold or transferred and Mortgagor is not a national person) without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal or state law as of the date of this Mortgage.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered

or mailed within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

15. Statutory Covenants. Mortgagor makes and includes in this Mortgage the Statutory Covenants and other provisions set forth in Minnesota Statutes Section 507.15 and the Mortgagor covenants with the following statutory covenants: (a) to warrant title to the Property, (b) to pay all other mortgages, liens, charges or encumbrances against the Property as and when they become due, (c) to pay the indebtedness of the Note as herein provided, (d) to pay all real estate taxes on the Property (e) that the Property shall be kept in repair and no waste shall be committed, (f) Mortgagor shall keep any buildings on the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Property for the protection of the Mortgagee and (g) that the whole of the principal sum shall become due after default, in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of the Mortgagee.

NON-UNIFORM COVENANTS. Mortgagor and Mortgagee further covenant and agree as follows:

Requirements for Forgivable Loan

The Mortgagor acknowledges and agrees that the amount of the loan granted in the Note is part of the Mortgagee's Home Rehabilitation Program ("Loan"). The public purpose of the Loan is to preserve modest homes and promote sustainability. The Mortgagor shall not be required to make any payment of principal or interest if any of the following events occur:

- (a) The Mortgagor offers to sell the Property to the Mortgagee at the appraised value of the Property. The Mortgagee reserves the right to reject the offer to buy the Property at the appraised value in its sole discretion; or
- (b) The Mortgagor offers to sell the Property at the appraised value to a housing redevelopment authority or comparable entity, provided the Mortgagor obtains the Mortgagee's prior written approval. The Mortgagee reserves the authority to withhold prior written approval in its sole discretion.

Notwithstanding the foregoing, the Mortgagor acknowledges and understands that the entire principal amount of the Loan plus accrued interest shall be due and payable in full on the maturity date on the Note.

16. Acceleration; Remedies. Unless the Maturity Date has occurred, upon Mortgagor's breach of any covenant, representation or agreement of Mortgagor in this Mortgage or the Note, including the covenants to pay when due any sums secured by this Mortgage, Mortgagor confers upon the City the option of declaring the unpaid balance of the Note, together with all sums advanced hereunder, and the interest accrued thereon, if any, immediately due and payable without notice, and hereby authorizes and empowers City to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the monies arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorney's fee permitted by law, which costs, charges and

fees Mortgagor agrees to pay.

City agrees that, if it intends to foreclose, City will give Mortgagor written notice of any default under the terms and conditions of the Note or this Mortgage, by sending the notice to Mortgagor as provided in paragraph 16 hereof. The notice of default shall contain the following provisions:

- A. the nature of the default by Mortgagor;
- B. the action required to cure the default;
- C. a date, not less than 30 days from the date the notice is mailed to Mortgagor, by which such default must be cured;
- D. that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property;
- E. that Mortgagor has the right to reinstate this Mortgage after acceleration; and
- F. that Mortgagor has the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale.

17. Assignment of Rents; Appointment of Receiver. As additional security hereunder, Mortgagor hereby assigns to City the rents of the Property, provided that Mortgagor shall, prior to acceleration under paragraph 8 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 16 hereof or abandonment of the Property, and at any time prior to the expiration of any period of redemption following sale of the Property, City shall be entitled to have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents and income from the Property collected by the receiver shall be applied first to the costs of management of the Property and collection of rents, including, but not limited to the receiver's fees, premiums on the receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. The receiver shall be liable to account only for those rents actually received.

18. Mortgagor's Right to Reinstate. Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage due as a result of Mortgagor's breach, if Mortgagor meets certain conditions, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier to occur of (i) sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) entry of a judgment enforcing this Mortgage if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage, and in enforcing Mortgagee's remedies as provided in this Mortgage including, but not limited to, reasonable attorneys' fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 14 hereof.

19. Release. Upon payment of all sums secured by this Mortgage, Mortgagee shall discharge this Mortgage without charge to Mortgagor. Mortgagor shall pay all costs of recordation, if any.
20. Acceleration; Additional Provisions. Mortgagee may declare all amounts secured by this Mortgage due and payable if: (a) Mortgagor fails to occupy the Property as his/her principal residence; (b) Mortgagor omits or misrepresents a material fact in any document executed in connection with this Mortgage; (c) any prior Mortgage is in default or foreclosure; or (d) as otherwise provided in this Mortgage or the Note.
21. Subject to First Mortgage. This Mortgage is subject and subordinate to a first mortgage of even date herewith given by to . [If this provision is not filled out, it is not applicable and has no effect.]
22. Mortgagor Not Released. Extension of the time for payment of the sums secured by this Mortgage granted by City shall not operate to release, in any manner, the liability of original Mortgagor and Mortgagor's successors in interest.
23. Forbearance Not a Waiver. Any forbearance by City in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by City shall not be a waiver of City's right to accelerate the indebtedness secured by this Mortgage.
24. Remedies Cumulative. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.
25. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of City and Mortgagor. All covenants and agreements of Mortgagor shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not be used to interpret or define the provisions hereof.
26. Notice. Except for any notice required under applicable law to be given in another manner, notices shall be given by mailing the notice by certified mail, return receipt requested, to: (a) Mortgagor at the Property Address or such other address as Mortgagor may designate by notice to City; and (b) City at the address stated herein or such other address as City may designate by notice to Mortgagor. Notice is deemed to have been given upon mailing.
27. Governing Law; Severability. This Mortgage is governed by Minnesota law. In the event that any provision or clause of this Mortgage or the Note conflicts with Minnesota law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provisions, and to this extent the provisions of the Mortgage and the Note are declared to be severable.
28. Nonrecourse. The obligation of the Mortgagor is nonrecourse, and the City may look for payment of the Note solely to the Property.
29. Death of Mortgagor. This lien may pass to Mortgagor's heirs provided they continue to

occupy the property as their principal place of residence.

30. Mortgagor's Compliance with Federal Regulations. Mortgagor agrees to comply with all U.S. Department of Housing and Urban Development regulations that govern the City's First Time Homebuyer Program, including but not limited to Community Development Block Grant regulations and Lead Based Paint Regulations.

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage and in any Rider executed by Mortgagor and recorded with it.

Mortgagor

Mortgagor

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____,
202__, by _____ [indicate marital status].

Notary Public

My commission expires _____

This instrument was prepared by:
Edina Housing and Redevelopment Authority
4801 W 50th St
Edina, MN 55424

City of Edina
Promissory Note
(Deferred Loan)

Lender: Edina Housing and Redevelopment
Authority
4801 W 50th St
Edina, MN 55424

Date:

Borrower(s):

The undersigned Borrower(s) (referred to herein as "Borrower"), jointly and severally if more than one, promise(s) to pay to the order of the Lender named above (referred to herein as "Lender") at the address listed above or whatever location Lender may specify, the sum of _____ dollars (\$_____) (the "Loan"), plus interest on the unpaid balance at an annual rate of ____%. Interest will begin to accrue as of the date of this note and continues to accrue until the loan has been paid in full.

Security This note ☒ IS secured by a Mortgage on my residence at:

☐ IS NOT secured by other collateral or property.

An itemization of amount financed is available upon request.

If secured, the legal description of the property securing this Note is:

[INSERT LEGAL DESCRIPTION]

Repayment In return for the Loan received from Lender (which was given to improve the property located at _____), Borrower agrees to pay the entire principal of the Loan with yearly interest at a rate of _____% on the loan maturity date of _____.

Prepayment Borrower may prepay this loan in part or in whole, at any time prior to the maturity date, without penalty. If a partial payment (also known as a principal reduction payment) is made at any time, it does not change the regularly scheduled monthly payments required or any other terms required under this Promissory Note.

Assumption Anyone buying or acquiring an interest in the property secured by this Promissory Note may NOT assume the remaining debt.

Initial(s)_____

The terms "I" and "my" refer to all and any Borrowers, individually and together, who execute this Promissory Note

Promises I make the following promises:

- * The property to be improved is my principal residence, and said property shall remain my principal residence throughout the duration of this loan
- * I will use my loan only for the eligible items listed on the project bids that I submitted. My residence does not have more than ____ units.
- * My residence is permanently attached to the land by way of a foundation and is taxed as real property.
- * I do not intend to use more than 49% of my residence for business purposes.
- * I am the owner of the property referenced herein.

I understand that the Edina Housing and Redevelopment Authority will rely on these promises and that I could be guilty of fraud if these promises are not true.

Additional Terms

Simple Interest

Interest on my loan will be calculated using the 'simple interest' method. This means that the actual interest I will pay will depend on my unpaid balance at the end of each day. Interest may also be referred to as finance charge.

If I pay ahead of the maturity date, the finance charge may be less than estimated. If my payment is late, my finance charge may be higher.

I understand that the simple interest method of calculating interest may not always give the same results as the method used in making the Truth in Lending disclosures. Therefore, the actual amount I pay may not be exactly as disclosed.

Forgivable Loan Requirements

I understand that this loan is part of the Lender's Home Rehabilitation Program ("Loan"). I understand that if the following events occur, I shall not be required to make any payment of principal or interest:

- (a) I offer to sell the Property to the Lender at the appraised value of the Property. The Lender reserves the right to reject the offer to buy the Property at the appraised value in its sole discretion; or
- (b) I offer to sell the Property at the appraised value to a housing redevelopment authority or comparable entity, provided I obtain the Lender's prior written approval. The Lender reserves the authority to withhold prior written approval in its sole discretion.

Notwithstanding the foregoing, I acknowledge and understand that the entire principal amount of the Loan plus accrued interest shall be due and payable in full on the maturity date on the Note.

Your Rights if I Default

I will be in default if:

- * I do not make a payment when it is due, or in the full amount due.
- * I made misstatements on my loan application or knowingly provided false information or documentation.
- * Someone tries by legal proceedings to get money or property I have on deposit with you.
- * I do not keep property insurance in place and in effect that covers the loss of the residence, in whole or in part.
- * I use my residence for unlawful purposes.
- * An event of default occurs under any mortgage covering my property.
- * I no longer occupy the property as my principal place of residence.
- * I sell, transfer, or otherwise assign any or all interest in my property without paying my loan in full.
- * I do not live up to any promise I have made under this Promissory Note, or
- * I fail to comply with the terms of the Mortgage entered into to secure the Loan.

* I fail to commence and complete the proposed rehabilitation project within one hundred twenty (120) days of the date hereof, unless I receive the consent of the Lender to have an extension.

If I am in default, you may require immediate payment of the unpaid balance of this Promissory Note, including the interest I owe. You do not have to give me advance notice.

Borrower Waivers

I hereby expressly waive my rights to require the Lender to do (A) demand payment of amounts due (“presentment”); (B) to give notice that amounts due have not been paid (“notice of dishonor”); and (C) to obtain an official certificate of nonpayment (“protect”).

Initial(s)_____

Page 2 of 3

Additional Terms

If there is a mortgage, you may also foreclose and sell my residence and use the money from the sale of the property to pay my loan. You may also exercise any other legal rights you may have. However, even if I am in default, you do not have to require immediate payment. You may delay enforcing any of your rights without losing them.

The provisions contained in this Note may not be amended, except through a written amendment signed by the Borrower and the Lender.

This Note shall inure to the benefit of and bind the heirs, personal representatives, successors, and assigns of the parties; provided however, that the Borrower may not assign, transfer or delegate any of the rights or obligations under this Note.

Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

The rights and remedies of Lender, as provided herein or by law or equity, in the Mortgage or the Loan Agreement, shall be cumulative and concurrent, and may be pursued singularly, successively, or together at the sole discretion of the Lender.

Bankruptcy If anybody starts a case under the U.S. Bankruptcy code which names anyone who signs this Promissory Note as a debtor, the unpaid balance of this Note, including any interest I owe, will immediately become due and payable.

Legal and Collection Costs

I must pay any reasonable attorney's fees, legal expenses, and costs of collection that result from my default (unless prohibited by law). The Lender or its servicing agent may charge the Borrower for any check or authorized payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.

Governing Law

This Promissory Note shall be governed and construed in accordance with the laws of the State of Minnesota. In the event of any litigation pertaining to this Note, the exclusive forum, venue and place of jurisdiction shall be in Hennepin County, Minnesota.

I have received, read and understand all terms and conditions of this Promissory Note and agree to all its terms.

BORROWER(S):

TIL and NMLSR ID

Loan Originator Company Name

Loan Originator Individual Name (as
name appears on NMLSR)

Loan Originator Company NMLSR ID

Loan Originator Individual NMLSR ID
(if applicable)



Edina Housing and Redevelopment
Authority
Established 1974

CITY OF EDINA
HOUSING & REDEVELOPMENT
AUTHORITY
4801 West 50th Street
Edina, MN 55424
www.edinamn.gov

Date: April 8, 2021

Agenda Item #: VII.B.

To: Chair & Commissioners of the Edina HRA

Item Type:
Report / Recommendation

From: Risi Karim, City Management Fellow

Item Activity:
Action

Subject: Tenant Protection Ordinance

ACTION REQUESTED:

Approval and authorization to engage City Attorney to draft a proposed Tenant Protection Ordinance.

INTRODUCTION:

The city has set a goal to both promote and commit to preserving natural occurring affordable housing (NOAH), and in addition to that goal, protecting tenants who reside in NOAH properties. The creation of a Tenant Protection Ordinance for the city will provide additional protection of renters rights.

ATTACHMENTS:

Staff Report

Staff Presentation

Edina Neighbors for Affordable Housing Presentation



Date: April 8, 2021

To: Chair and Commissioners of the HRA

From: Risi Karim, City Management Fellow

Subject: Tenant Protection Ordinance

Information / Background:

Staff is requesting approval to formally begin researching and creating a proposed Tenant Protection Ordinance for the city. The city has set a goal to both promote and commit to preserving natural occurring affordable housing (NOAH). Protecting tenants who reside in NOAH properties should always be a priority for the city. NOAH properties are defined as buildings where some of the units have rents affordable to households with incomes at or below 60% Area Medium Income (AMI). A Tenant Protection Ordinance would reflect the city's priorities and goals to provide a full range of housing choices, particularly for low-income residents. Residents along with various community partners have expressed concerns about the displacement of low-income tenants residing in NOAH properties that have been sold to new owners. Staff is seeking to create a Tenant Protection Ordinance that 1) Preserves existing NOAH properties 2) Protect tenants' rights, and 3) provides added security and housing stability for tenants who depend on residing in units with affordable rents.

Tenant Protection Ordinance

A Tenant Protection Ordinance typically require property owners to give a three month protection period to current tenants following the ownership transfer of a NOAH property. During that three month period limits are placed on rent increases, preventing non-renewal of leases without cause, and a requirement to provide relocation assistance upon failure to comply with the ordinance. Neighboring cities St. Louis Park, Bloomington, Richfield, and Hopkins have all passed Tenant Protection Ordinances like this.

The April 2020 Maxfield research study reported that Edina has nearly 700 affordable units that are at or above 60% AMI in NOAH rental properties that were built before 1970. This indicates that it is not unreasonable to assume that there will be an increase in rents charged, especially with a change of ownership. Having a Tenant Protection Ordinance in place prior to the sale of NOAH properties will assist in decreasing the number of tenants that will either become increasingly rent burdened or be forced to move with little to no assistance.

Sustainable Housing

The Federal standard for affordability is 30% of income for housing costs. Without a separate break-out for households that pay 35% or more, a number of households may be choosing to pay slightly more than 30% of their gross income to obtain their desired housing. Moderately cost-burdened is defined as households paying between 35% and 49.9% of their income for housing. Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. In Edina, 42.3% of renter households are considered cost burdened. Edina has a higher proportion of cost burdened owner households than the Primary Market Area Remainder (17.4%) and the Twin Cities Metro Area (19.8%). Edina has a higher proportion of cost burdened renter households (42.3%) than the PMA (36.7%) but a lower proportion than the Twin Cities Metro Area (43.2%).

In the City's latest approved Comprehensive Plan the city made a commitment to "to aid and secure affordable lifecycle housing for a diverse community". A part of securing some of the city's most vulnerable housing communities is to support tenant rights to ensure that renters are treated fairly and equitably by landlords.

Community Engagement

At the beginning of the year members of the Edina Neighbors for Affordable Housing (ENAH) convened a roundtable with the following community partners:

Anne Mavity	Executive Director - Minnesota Housing Partnership (moderator)
Bernadette Hornig	Portfolio Manager/Partner - Hornig Companies, Inc.
Marty McDonough	Director of Gov. Affairs - Minnesota Housing Association
Andrew (Andy) Akins	Partner - Premier Properties LLC
Joshua (Josh) Clarke	Tenant - Yorkdale Townhomes
Jessica Hering	Director of Social Services - VEAP
Eric Hauge	Executive Director - HOME Line
Santiago De Angulo	Executive VP of Operations - Aeon
Cecile Bedor	Executive VP of Real Estate - CommonBond Communities
Hannah Houts	Public Policy Intern - CommonBond Communities

The purpose of the roundtable was for the group to discuss recommendations for the City to take under consideration should the city decide to take up the creation of a Tenant Protection Ordinance. Those initial recommendations by the group have been attached to this report.

Staff Recommendation

Staff recommends the HRA authorize staff to engage the City Attorney to draft a proposed Tenant Protection Ordinance. Staff will bring the Ordinance to the City Council for final adoption.



The CITY of
EDINA

Proposed Tenant Protection Ordinance

Roundtable Participants

Anne Mavity
(moderator)

Executive Director - Minnesota Housing Partnership

Bernadette Hornig

Portfolio Manager/Partner - Hornig Companies, Inc.

Marty McDonough

Director of Gov. Affairs - Minnesota Housing Association

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Cecile Bedor

Executive VP of Real Estate - CommonBond COMMUNITIES

Hannah Houts

Public Policy Intern - CommonBond COMMUNITIES



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Tenant Protection Ordinance



The CITY of
EDINA

- The goal of a Tenant Protection Ordinance (TPO) is to protect lower-income tenants in Edina. Under the TPO, new owners of affordable housing buildings would be required to pay relocation benefits to tenants if the owner increases the rent, re-screens existing residents or implements non-renewals of leases without cause within a three-month period following the ownership transfer of the property and the tenant chooses to move due to these actions.

A rental unit is affordable if the rent plus utilities being charged are less than or equal to the rates listed in the 60% AMI column below from the Metropolitan Council

# Bedrooms	2020 Rental Housing			
	<u>30% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>	<u>80% AMI</u>
Efficiency	\$543	\$905	\$1,086	\$1,448
1 Bedroom	\$582	\$970	\$1,164	\$1,552
2 Bedrooms	\$697	\$1,163	\$1,395	\$1,860
3 Bedrooms	\$806	\$1,344	\$1,612	\$2,150
4 Bedroom	\$900	\$1,500	\$1,800	\$2,400

Why?



The CITY of
EDINA

- A Tenant Protection Ordinance would reaffirm the city's goal promote and facilitate a balanced and enduring housing stock that offers a continuum of diverse life-cycle housing choices including the preservation of naturally occurring affordable housing (NOAH)
- The April 2020 Maxfield Research study reported that Edina has nearly 700 affordable units at <60% AMI in NOAH rental properties that were built before 1970, it is likely that the sale of NOAH rental properties will increase.

Surrounding Cities



The CITY of
EDINA

- Tenant Protection Ordinances have already been passed by the following cities:
 - Hopkins,MN (2019)
 - St.Louis Park,MN (2018)
 - Bloomington,MN (2019)
 - Richifield,MN (2019)
 - Golden Valley,MN (2019)
 - St.Paul,MN (2019)

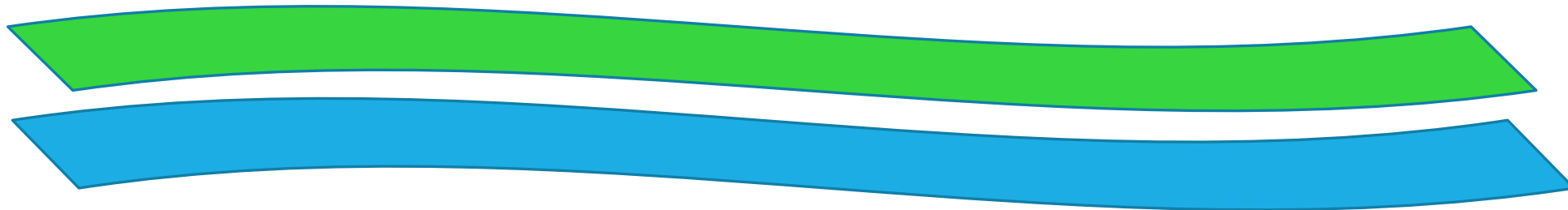
Edina Neighbors for Affordable Housing



Revised proposed Tenant Protection Ordinance

February 8th 2021

Recommendations for a Tenant Protection Ordinance for Edina



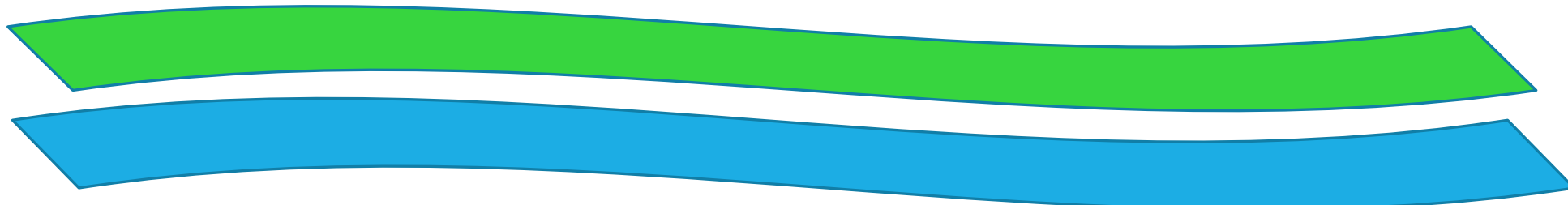
Our TPO Development Process

The following proposals for a TPO for Edina were developed by starting with the existing TPO's already in place in St. Louis Park and Bloomington and proposing new additions based on:

- recommendations from these communities based on their experiences with implementation
- recommendations from other advocacy groups based on their experiences
- recommendations from members of ENAH

We held a Zoom roundtable meeting on January 21, 2021 with representatives from all parties involved to evaluate and provide input regarding the proposed new additions.

We have modified our proposed TPO based on the feedback received and are submitting this revised TPO to the City for their consideration. This revised TPO is very similar to the St. Louis Park ordinance. Our roundtable participants noted that similarity across municipalities facilitates compliance by owners.



Roundtable Participants

Anne Mavity (moderator)	Executive Director - Minnesota Housing Partnership
Bernadette Hornig	Portfolio Manager/Partner - Hornig Companies, Inc.
Marty McDonough	Director of Gov. Affairs - Minnesota Housing Association
Andrew (Andy) Akins	Partner - Premier Properties LLC
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Outline of Recommendations

Why a TPO?

When does it apply?

Change of ownership definition

Definition of affordable units

Properties covered

Notice period

Notice required items

Tenant protection period

Notice method

Notice languages

Notice period extension

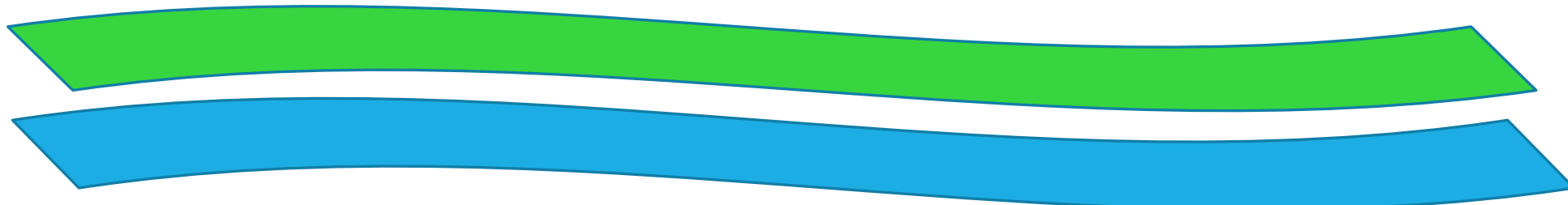
Relocation assistance

Enforcement mechanisms

Enforcement penalties

Education and training

Other related recommendations



Why are we recommending a Tenant Protection Ordinance

This ordinance reflects the city's goal to promote and facilitate a balanced and enduring housing stock that offers a continuum of diverse life-cycle housing choices including the preservation of naturally occurring affordable housing (NOAH)

We believe the City should have a goal of protecting tenants of NOAH housing when the property is sold to new owners. The April 2020 Maxfield Research study reported that Edina has nearly 700 affordable units at <60% AMI in NOAH rental properties that were built before 1970 so we believe NOAH rental property sales are increasingly likely to occur.

This type of ordinance has already been passed by St. Louis Park, Bloomington, Richfield and Golden Valley. These ordinances were passed in part in reaction to specific situations arising from a change in NOAH apartment ownership in New Brighton (Pike Lake Apts.), St Louis Park (Meadowbrook Apts.), and Richfield (Concierge Apts.). There has not been a specific issue in Edina to date.



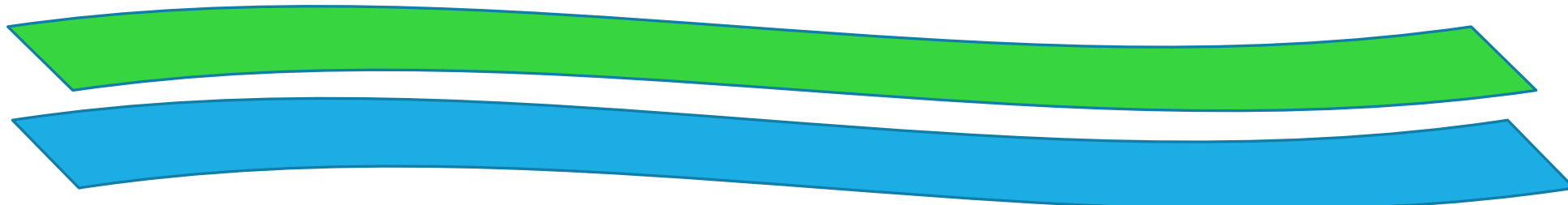
When does it apply?

This ordinance applies when there is a change in ownership of a NOAH property.

Change of ownership definition

We recommend a clear and complete definition of change in ownership or controlling interest in a property. We recommend that the change of ownership definition include:

- the purchase by a new person
- the purchase of the company that owns the rental property by another company



NOAH Housing - definition of Affordable for this ordinance

A rental unit is affordable if the rent plus utilities being charged are less than or equal to the rates listed in the 60% AMI column below from the Metropolitan Council

Note: This definition ensures that it is not necessary to know the income of the tenants to determine affordability. All that is needed is the current rent being charged.

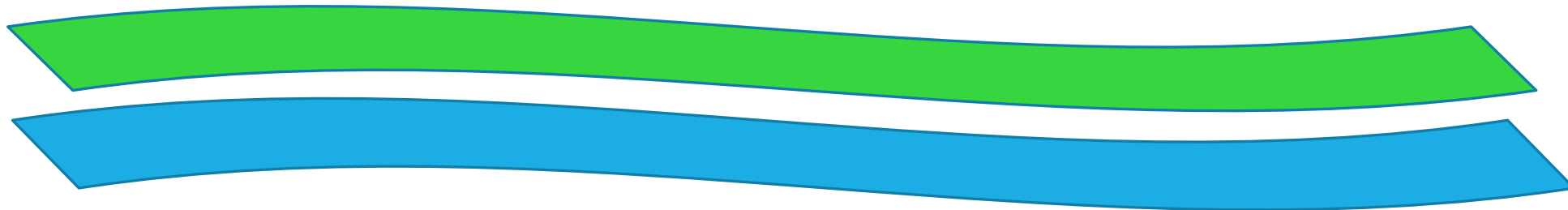


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NOAH Affordability definition rationale:

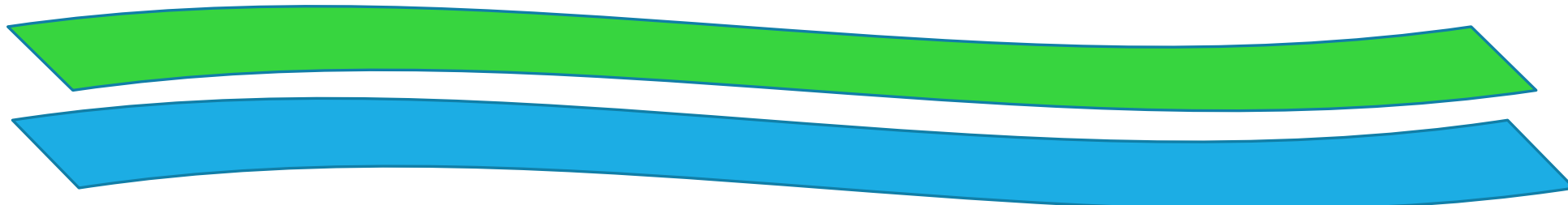
- 60% AMI works as the upper limit for most government sponsored affordable housing programs as it is the definition of which households are income eligible for assistance.
- Households above 60% AMI are most likely to be able to compete in the housing market on their own. Additionally, they are eligible for first time homebuyer programs for modest income buyers such as Habitat for Humanity.



NOAH Properties covered

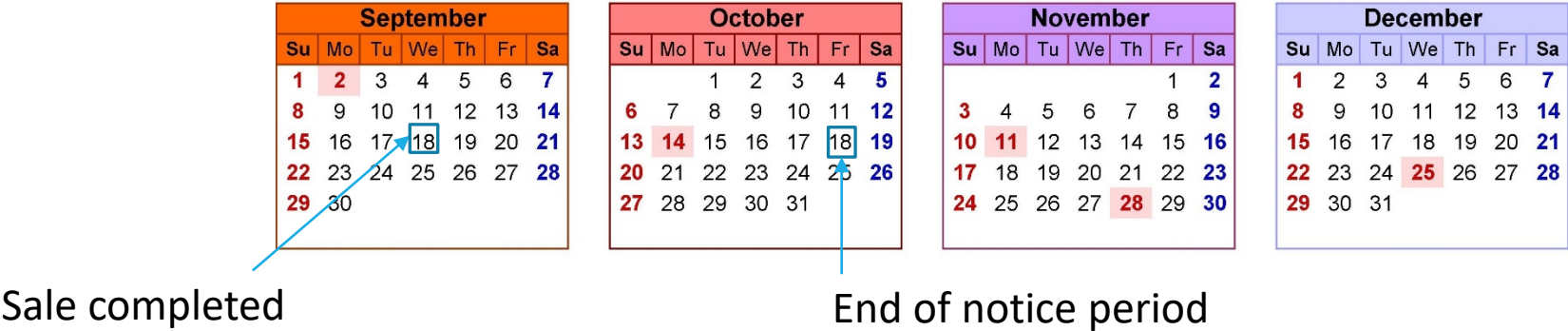
We recommend an Edina ordinance would apply:

- to a property with three or more housing units
- and having two or more units that are affordable per the earlier definition.



Notice period

The new owner shall, within thirty (30) days of the date on which a real estate closing transfers ownership of a NOAH building, give notice of the items on the next page to every tenant, regardless of the expiration of their lease, and to the City:



Notice required items: (simplified)

(1) The name, mailing address, and telephone number of the new owner.

(2) **The Tenant Protection Ordinance's provisions** of a: tenant protection period and relocation assistance under certain circumstances

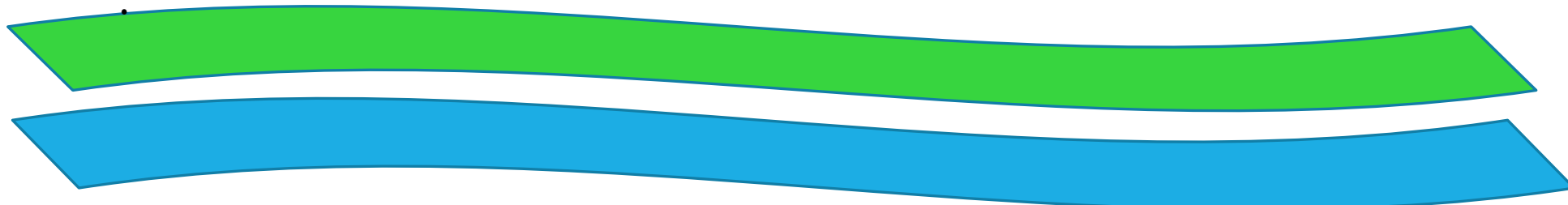
Within the tenant protection period:

(3) **Whether there will be any rent increase**

(4) Whether the new owner will **require** existing affordable housing unit **tenants to be rescreened**

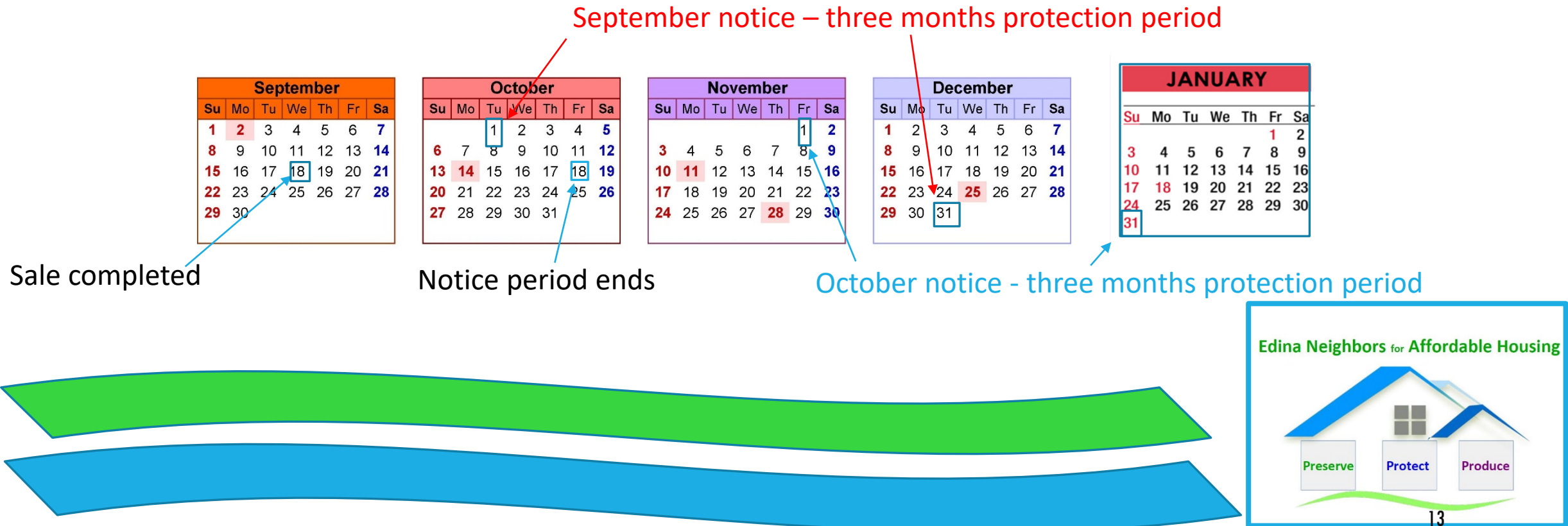
(5) Whether the new owner will **terminate or not renew rental agreements without cause**

(6) Whether the new owner intends to do 3, 4, 5 above the day immediately following the tenant protection period.



Tenant Protection period

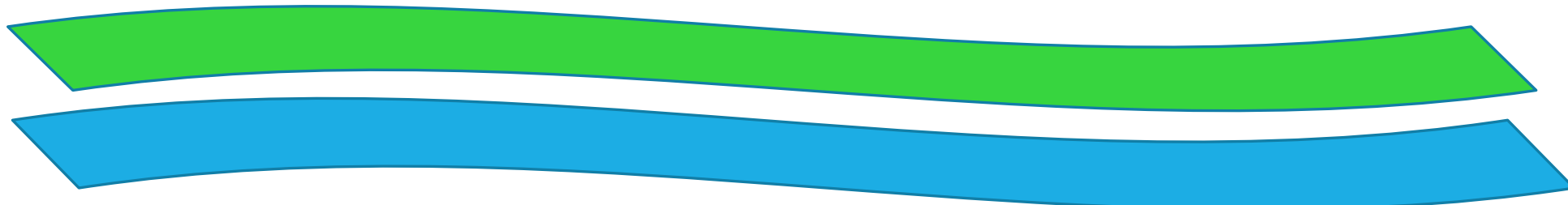
We recommend a protection period during which tenant's rents remain the same and residents are not subject to eviction without cause. The protection period starts on the date of the real estate closing and runs through the end of three calendar months following the month in which the written notice is sent. (In the example below the new owner could hustle and get a notice out in September and have the protection period end December 31 or wait until October and have it end a month later.)



Notice method

We recommend that tenants must be notified by:

- mail
- posting of the notice in public spaces of the rental property including near the mailboxes, lobby, office, and laundry room if any
- electronically, but only if they have opted in



Notice Languages

Notices to be printed in multiple languages including but not limited to Spanish, Hmong, Somali, Cushite (Oromo), Russian, and Hindi. (Languages determined by local need)

Example of translations:

English: This is important housing information. If you do not understand it, have someone translate it for you now.

Spanish: Información importante acerca de las viviendas. Si usted no lo comprende, pida a alguien que le traduzca ahora.

Hmong: Qhov no yog lus tseem ceeb heev qhia txog tsev nyob. Yog tias koj tsis tau taub thov hais rau lwm tus pab txhais rau koj.

Russian: Это важная информация о жилплощади. Если Вы её не понимаете, попросите кого-нибудь сейчас перевести её Вам.

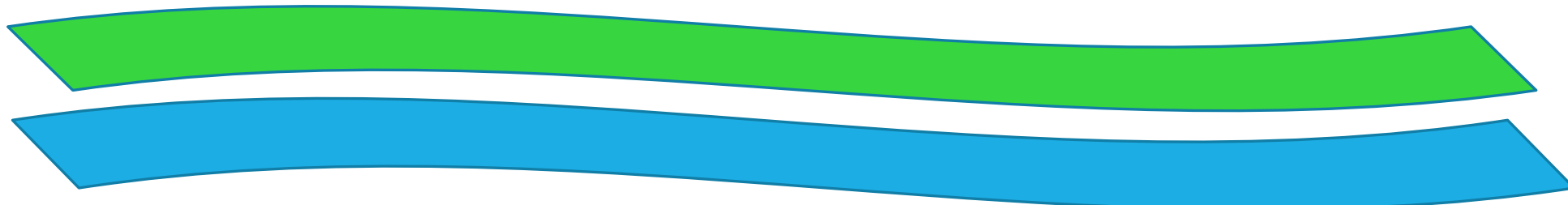
Somali: Kani waa warbixin muhiim ah ee ku saabsan guriyaha. Haddii aadan fahamsaneyn waa in aad heshaa hadeertaan qof kuu tarjuma



Notice period extension

We recommend tenants be granted an automatic extension on the length of stay upon their notification to the owner or management agent of the following condition:

- Households with children enrolled in school to stay until June 30 if a move would require a change in a child's school due to lack of school funded transportation or an out of district move



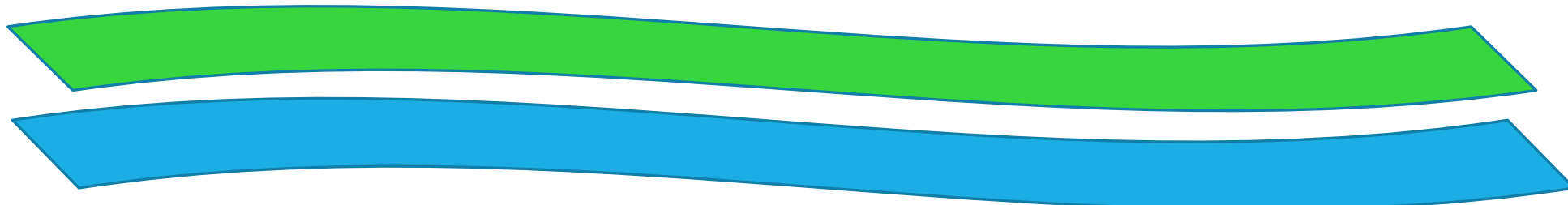
Relocation assistance

We recommend that if during the tenant protection period the new owner:

1. terminates or refuses to renew a tenant's rental agreement without cause
2. raises any affordable unit tenant's rent
3. rescreens an existing affordable housing unit tenant

the new owner shall pay relocation assistance to the tenant equal to three (3) months' full contract rent, including amounts paid by third parties, for the housing.

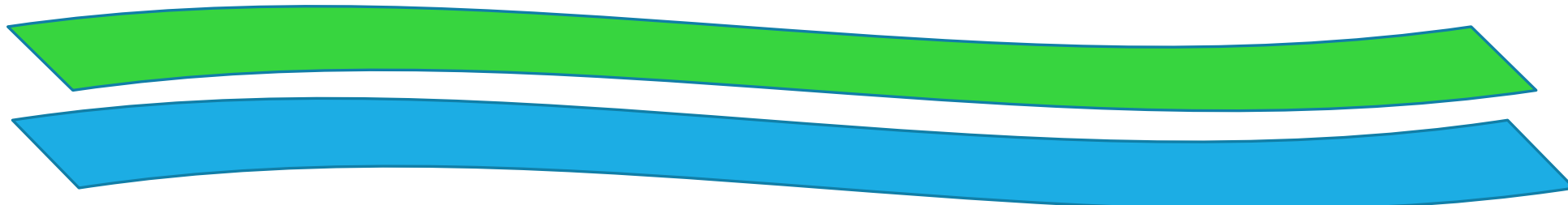
Note: Specific ordinance language will provide more detail



Enforcement Mechanisms

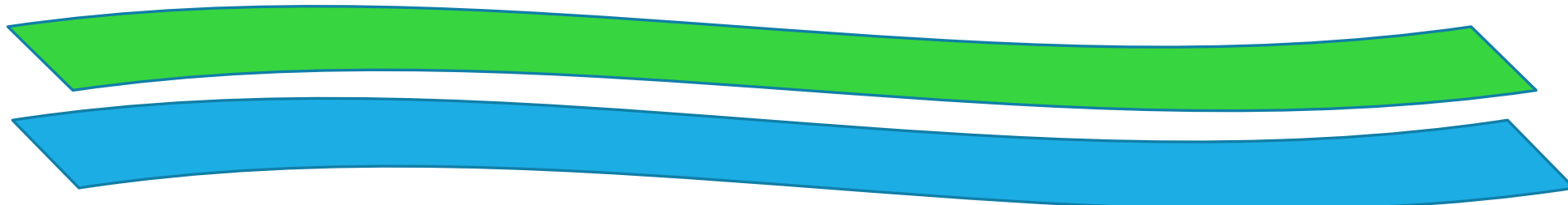
We recommend mechanisms that should be in place to make it an enforceable ordinance: (Note: Edina has a rental licensing program that includes a requirement to purchase the license and has an inspection program)

- Annual license of rental properties that includes a certified rent schedule provided by the property owner
- Require new property owner to acquire a license immediately along with submitting a new certified rent schedule under the new ownership.
- Notice as described earlier



Enforcement Mechanisms - Penalty

- A Notice violation is an administrative offense and may be subject to an administrative citation and civil penalties as provided in City Code.
- For a Relocation Assistance violation, the penalty shall be the sum of the applicable amount of relocation assistance plus \$1000 per offense. Further, the city should have the right to suspend the rental licenses and prohibit any new tenants from moving into the property.
- Each household denied its rights under the City tenant protection code is a separate violation or offense and the property owner fined separately for each violation.



Education and training

We recommend providing ongoing education and training tools for property owners and management agents on the new ordinance.



On-line



Potential Additions/changes

Here are two additional ideas the City can consider. They were developed after the roundtable, so they have not been vetted by that group. They do represent good ideas for expanding the scope of the ordinance should the City choose to do so.

Expansion of the change of ownership definition:

- any recorded change of ownership of a rental property per county records plus any purchase of the parent or holding company of a rental property.

Or - change in beneficial ownership or control including but not limited to: (those listed on slide 7)

Expansion of circumstances covered beyond simply a sale to a new owner:

- require any owner (current or new) of a NOAH rental unit to always give 30-day notice and provide a 3-month tenant protection period before: raising rents dramatically (10% or more), initiating rescreening, or terminating or not renewing rental agreements without cause. Failure to this would trigger the relocation assistance provision of this ordinance and other enforcement actions.

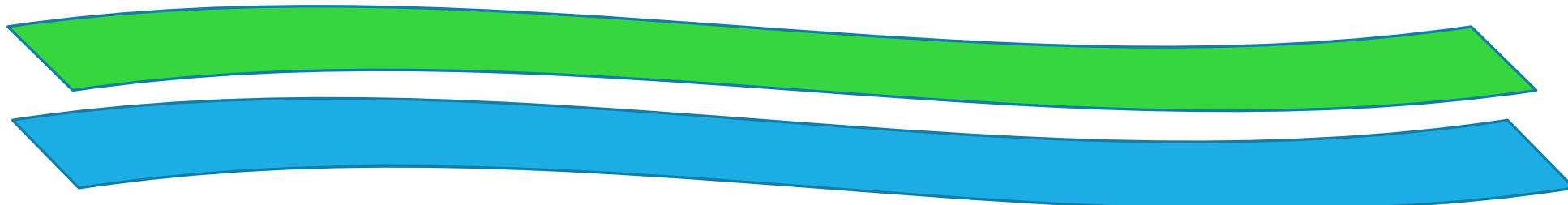


Other related recommendations

St. Louis Park TPO packet

St. Louis Park has created a very effective “TPO packet” of materials that provides all the materials needed to understand and implement the ordinance requirements including:

- An overview
- A copy of the ordinance
- Frequently Asked Questions & Answers
- Example of letter to tenants: no rent increases, rescreening, or non-renewals during Tenant Protection Period
- Example of letter to tenants: with rent increases, rescreening, or non-renewals during the Tenant Protection Period

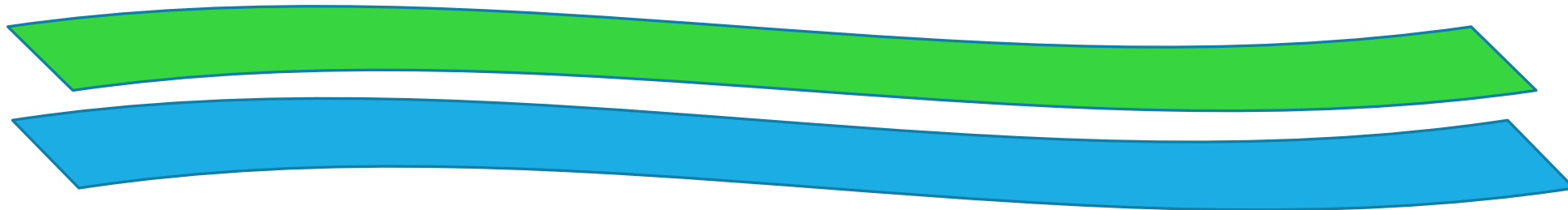


Other related recommendations

Tenant Opportunity to Purchase Ordinance

The City should explore a Tenant Opportunity to Purchase ordinance. Under the ordinance, if an apartment building is up for sale, tenants have the first right of purchase. If they pursue it, the city helps them organize, prepare legal documents and file loan applications. In some cases, the City can step in and buy the building if talks between the tenants and landlord break down.

If the City adopts such an ordinance, tenants would be exempt from the Tenant Protection Ordinance



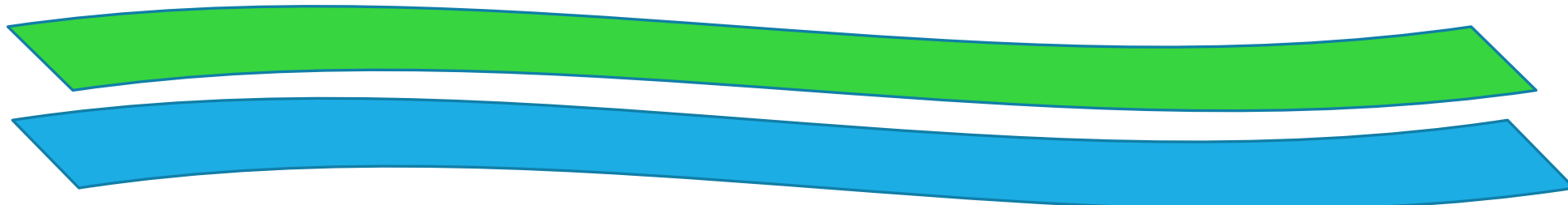
Other related recommendations

City Rental Licensing program – monitoring

The City has enacted a rental licensing and inspections program. We recommend monitoring this program for:

- How often is it citing landlords?
- How many complaints are being found?
- What is the timeline of response for violations?
- How is the licensing and inspections program going from a tenant perspective?

Note: Eric Hauge noted that repairs (heat, bed bugs, infestations) are the top tenant issue in Edina, with almost double the complaints of the next issue. Monitoring could reduce this issue.



We respectfully submit these recommendations
for your evaluation and feedback.

Edinaneighborsforaffordablehousing.org





Edina Housing and Redevelopment
Authority
Established 1974

CITY OF EDINA
HOUSING & REDEVELOPMENT
AUTHORITY
4801 West 50th Street
Edina, MN 55424
www.edinamn.gov

Date: April 8, 2021

Agenda Item #: VIII.A.

To: Chair & Commissioners of the Edina HRA

Item Type:
Report / Recommendation

From: Bill Neuendorf, Economic Development Manager

Item Activity:
Information

Subject: Grandview District Pedestrian Bridge

ACTION REQUESTED:

Information only. No action is needed.

INTRODUCTION:

Staff has been exploring strategies to construct the pedestrian bridge that is envisioned to span between Arcadia Avenue and Jerry's Parking Ramp. While complementary to the senior cooperative housing currently under consideration for the vacant site, the bridge is not an essential element of this type of private project.

Staff recommends that the bridge should be designed and funded in spring 2021 so that infrastructure construction can be coordinated with the potential construction of the senior housing. In order to satisfy the 5-year rule that applies to the Grandview 2 TIF District, staff recommends that design engineers be retained and a Construction Management firm be retained to establish a guaranteed maximum price. This strategy is recommended to achieve cost efficiencies while meeting the deadlines in the TIF Statutes.

Staff will provide a brief overview of this strategy for informational purposes.

ATTACHMENTS:

Overview of Grandview District Pedestrian Bridge

Grandview District pedestrian bridge

- Staff intends to include with the package of other public infrastructure items going out for bond funding in late Spring 2021
- Approx. \$2million
- Constructed 2021 – 2022
- Independent of 5146 Eden schedule
- Recommend Construction Manager approach with guaranteed maximum price rather than General Contractor method; may also use design/build method to expedite construction
- Anticipate contracts in April and June 2021 to satisfy the 5-year TIF deadline



Concept Sketch December 2020