



Housing & Redevelopment Authority

Crow Wing County HRA Board Meeting Agenda
5:00pm Tuesday May 13th, 2025

Crow Wing County Land Services Building Pine/Maple Meeting Room
322 Laurel St. Brainerd, MN 56401

Commissioner Craig Nathan attending via WebEx at 8986 Sugarberry Creek,
Brainerd, MN 56401

Join from browser:

<https://brainerdhra.my.webex.com/brainerdhra.my/j.php?MTID=m068bf5490d10b0943db84ff72a76f5e0>

Join by phone: 415-655-0001

Meeting number (access code): 2550 702 7502

Meeting password: k7CJWUc7sQ7

"Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County."

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. APPROVE MINUTES** (*Attachment 1 – Pg. 3*)
 - a.** Approval of the Tuesday, April 8th, 2025 Meeting Minutes
- 5. REVIEW & ACCEPT FINANCIAL STATEMENTS** (*Attachment 2 – Pg. 7*)
 - a.** CWC HRA Balance Sheets for April 2025
 - b.** CWC HRA Operating Statements for April 2025
 - c.** CWC HRA Payments for April 2025
- 6. UNFINISHED BUSINESS**
 - a.** Resolution Request to Approve the Execution of Documents for the Approved HTF Loan to My Neighbor to Love Coalition (*Attachment 3 - Pg. 23*)

7. HOUSING TRUST FUND

- a.* Review of State Statute 462C.16 and County Ordinance #2001, HTF Loan Guidelines for Homebuyer Assistance Program (*Attachment 4 – Pg. 69*)

8. REPORTS/UPDATES:

- a.* Executive Director Report (*Attachment 5 – Pg. 91*)
- b.* Housing Trust Fund (*Attachment 6 – Pg. 93*)
- c.* Brainerd HRA/Rehab Programs (*Attachment 7 – Pg. 95*)
- d.* BLAEDC/CREDI
- e.* CWC

9. COMMISSIONER COMMENTS

10. NEXT MEETING June 10th, 2025

11. ADJOURNMENT

CWC HRA Commissioners:

Katie Heppner, Commissioner - District 3 (12-31-29)
Richard (George) Burton, Commissioner - District 1 (12-31-27)
Tyler Gardner, Commissioner - District 2 (12-31-28)
Michael Aulie, Commissioner - District 5 (12-31-26)
Craig Nathan, Commissioner - District 4 (12-31-25)



Housing & Redevelopment Authority

**Crow Wing County HRA
BOARD MEETING MINUTES
Tuesday, April 8th, 2025 @ 5:00pm**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at the Crow Wing County Land Services Building, Pine/Maple Meeting Room and via Webex video/teleconference at 5:00 p.m., Tuesday, April 8th, 2025.

1. **CALL TO ORDER:** Chair Heppner called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Present: Commissioners Katherine Heppner, Richard (George) Burton, Michael Aulie, Tyler Gardner, and Craig Nathan.

Others present: Executive Director Eric Charpentier, Finance Director Karen Young, Operations Administrative Specialist Hannah Anderson, BLAEDC Executive Director Tyler Glynn, Crow Wing County Administrative Services Director Jory Danielson, Crow Wing County Commissioner Paul Koering, and CLA Auditor Mary Reedy.

3. **REVIEW AND APPROVE AGENDA:**

Commissioner Burton motioned to approve the agenda for Tuesday, April 8th, 2025, as presented. Seconded by Commissioner Gardner. Motion Carried Unanimously via Roll Call Vote.

4. **PRESENTATION:**

- a. 2024 Crow Wing County Audit: Mary Reedy, Clifton Larson Allen

5. **APPROVE MINUTES:**

- a. Approval of the Tuesday, March 11th, 2025, Meeting Minutes

Commissioner Gardner motioned to approve the minutes of the March 11th, 2025, regular board meeting, as presented. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

6. **REVIEW AND ACCEPT FINANCIAL STATEMENTS:**

Housing Trust Fund and financial information for March 2025 was presented by Karen Young.

- a. CWC HRA Balance Sheet March 2025
 - b. CWC HRA Operating Statement March 2025

c. CWC HRA March 2025 Payments

Commissioner Aulie motioned to accept the 2024 audited financial statements as presented. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

Commissioner Gardner motioned to accept the March financial statements as presented. Seconded by Commissioner Burton. Motion Carried Unanimously via Roll Call Vote.

7. PUBLIC HEARING: PROPOSED SALE OF OUTLOTS E & F, BRAINERD OAKS

Chair Heppner opened the public hearing at 5:12 PM. Public comments were called for three times. Hearing none, the hearing was closed at 5:13 PM.

8. UNFINISHED BUSINESS:

a. Resolution Request to Approve the Master PDA & Redevelopment Plan

The resolution request was presented by John Schommer.

Commissioner Burton motioned to approve Resolution 2025-02 that (1) approves a Fourth Amendment to Master Purchase and Redevelopment Contract, (2) approves the sale of Outlots E and F, BRAINERD OAKS, Crow Wing County, Minnesota, (3) approves a Purchase and Redevelopment Contract with Level Contracting, and (4) approves a Grant Agreement between CWC HRA, Brainerd HRA, and Level Contracting in connection with redevelopment of Outlots E and F., as presented. Seconded by Commissioner Aulie. Motion Carried Unanimously via Roll Call Vote.

9. NEW BUSINESS:

a. Housing Trust Fund Loan Request for Proposed Project with My Neighbor to Love

The request was presented by Eric Charpentier. Supporting information was provided by Vicky Kinney, founder and Board Chair of My Neighbor to Love Coalition.

Commissioner Burton asked if residents have moved into this development and Charpentier confirmed they have. Commissioner Gardner inquired about a grant for another development, and Kinney confirmed a \$3 million grant was awarded.

Commissioner Aulie highlighted the benefit of a \$382,000 funding request for the number of available units. Commissioner Burton asked about the target audience, their residence, and income sources. Kinney stated there are 71 waiting list applications from unhoused individuals in Crow Wing County, with some tenants receiving public assistance. Commissioner Nathan supports the mission but suggested better coordination between service organizations. Kinney reiterated that they have several hands-on programs for tenants.

Commissioner Gardner expressed concerns about taxpayer spending in Brainerd and suggested spreading funding across Crow Wing County and discussing the Housing Trust Fund further.

Commissioner Nathan made a motion to approve the request. Commissioner Burton made a motion to table the motion. Commissioner Nathan reiterated that his intent was to make a motion to approve the request. Commissioner Aulie called Commissioner Burton's motion into

question, and it was voted upon. Upon roll call vote to table the request, Commissioners Aulie, Nathan, and Heppner voted nay; Commissioners Burton and Gardner voted aye. Motion did not carry. **Commissioner Nathan made a motion to approve the Housing Trust Fund Loan Request for Proposed Project with My Neighbor to Love Coalition. Seconded by Commissioner Aulie. Upon roll call vote, Commissioners Burton and Gardner voted nay; Commissioners Aulie, Nathan, and Heppner voted aye. Motion carried via majority vote.**

10. HOUSING TRUST FUND DISCUSSION

Due to time constraints, this matter was tabled until the next scheduled meeting.

11. REPORTS:

a. Executive Director Report

The executive director's report was presented by Eric Charpentier.

b. Housing Trust Fund Report

The housing trust fund report was presented by Eric Charpentier.

c. Brainerd HRA/Rehab Programs:

The rehab report was presented by John Schommer.

d. BLAEDC/CREDI:

March 2025 staff time billing reports were presented along with an overview of office happenings by Tyler Glynn.

e. CWC:

Crow Wing County updates were presented by Jory Danielson.

There were no updates to provide.

12. COMMISSIONER COMMENTS:

13. NEXT MEETING: Tuesday, May 13th, 2025

14. ADJOURNMENT:

Commissioner Burton motioned to adjourn the meeting. Seconded by Commissioner Gardner. Motion Carried Unanimously via Roll Call Vote. Meeting was adjourned at 5:58 PM.

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: May 6, 2025

Re: Review and Accept Financial Statements

2026 Budget Preparation

We are scheduled to present the 2026 budget to the CWC Commissioners at their August 14th Budget Committee meeting. We have also been asked to provide a 5-year budget and levy projection for years 2026-2030. In previous years we have either held a special budget-only board meeting in late July or held a late July regular board meeting to discuss our levy request and to specifically address the Housing Trust Fund portion of the levy. Staff would like guidance from the board regarding the upcoming budget process for this year.

Action Requested: Accept the April financial statements as submitted.

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Housing Trust Fund Projection

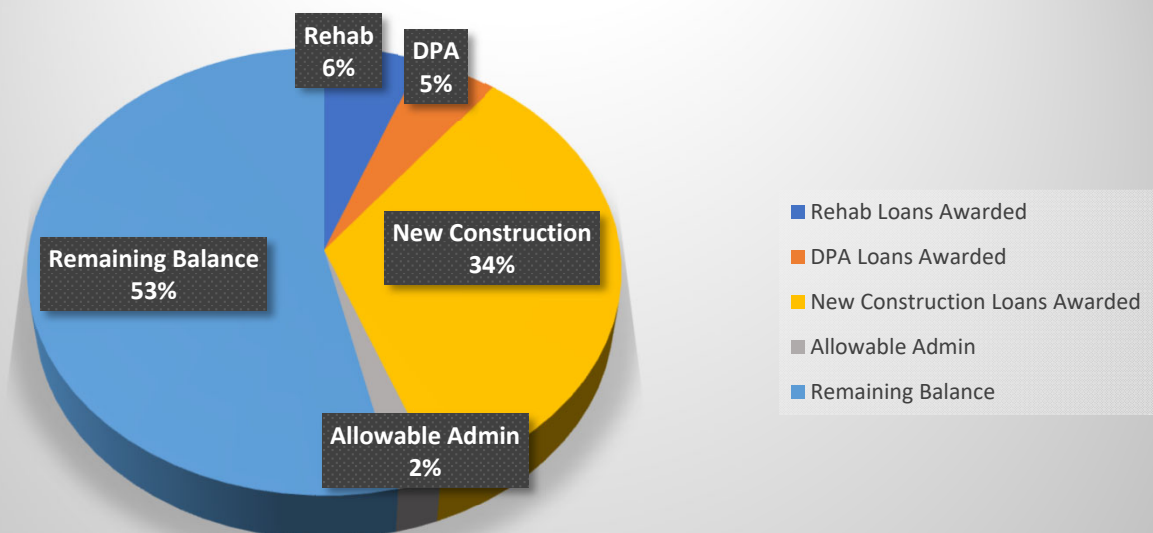
HTF - Funding Breakdown	
Revenue Sources:	
Levy Approved Total	\$ 2,600,000.00
CWC Local Housing Aid	\$ 314,992.00
Interest Earned To Date	\$ 54,954.00
Total	\$ 2,969,946.00
Loans Awarded:	
Rehabilitation (8)	\$ 172,119.00
Down Payment Assistance (7)	\$ 140,000.00
New Construction (1)	\$ 1,000,000.00
Total	\$ 1,312,119.00
Allowable Admin (2.5% of levy)	\$ 65,000.00
Remaining Balance	\$ 1,592,827.00

Approved Applications:	
New Construction	\$ 1,300,000.00
Total	\$ 1,300,000.00
Balance	\$ 292,827.00

Other Funding Sources:	
TIF - RLF	\$ 451,903.57
CWC - 2025 SAHA	\$ 67,171.00
MH Funding	\$ -
Total	\$ 519,074.57
Balance	\$ 811,901.57

Applications:	
Creekside Comm. (12)	\$ 382,000.00
Owner Occupied (3)	\$ 75,000.00
Rental Rehab (8)	\$ 120,000.00
Owner Occupied (2)	\$ 50,000.00
Rental Rehab (6)	\$ 75,000.00
Rental Rehab (7)	\$ 175,000.00
Total	\$ 877,000.00
Balance	\$ (65,098.43)

HTF - Funding Breakdown



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Crow Wing County HRA

Balance Sheet

April 2025

Program: 850 - Crow Wing County HRA

Project: 1. General Fund

	Period Amount	Balance
ASSETS		
1129.210 Cash - A/R General Fund	(23,515.85)	313,033.15
TOTAL ASSETS	(23,515.85)	313,033.15
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
2700.000 Income & Expense Summary (Current Year)	(23,515.85)	(71,057.67)
2806.000 Retained Earnings	0.00	384,090.82
TOTAL SURPLUS	(23,515.85)	313,033.15
TOTAL LIABILITIES AND SURPLUS	(23,515.85)	313,033.15
TOTAL LIABILITIES AND SURPLUS	(23,515.85)	313,033.15
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Four Months Ending 04/30/2025
Program: 850 - Crow Wing County HRA Project: 1. General Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
3610.000 Interest Revenue	1,285.68	166.67	1,119.01	5,913.18	666.67	5,246.51	2,000.00	3,913.18
3691.000 Property Tax Revenue	0.00	33,387.08	(33,387.08)	0.00	133,548.33	(133,548.33)	400,645.00	(400,645.00)
TOTAL INCOME	1,285.68	33,553.75	(32,268.07)	5,913.18	134,215.00	(128,301.82)	402,645.00	(396,731.82)
EXPENSES								
4110.000 Admin Salaries	225.00	375.00	150.00	825.00	1,500.00	675.00	4,500.00	3,675.00
4130.000 Legal	0.00	833.33	833.33	123.00	3,333.33	3,210.33	10,000.00	9,877.00
4140.000 Staff Training	0.00	125.00	125.00	0.00	500.00	500.00	1,500.00	1,500.00
4150.000 Travel	0.00	33.33	33.33	1.40	133.33	131.93	400.00	398.60
4171.000 Auditing Fees	8,190.00	791.67	(7,398.33)	8,190.00	3,166.67	(5,023.33)	9,500.00	1,310.00
4172.000 Management Fee	16,195.00	16,195.00	0.00	64,780.00	64,780.00	0.00	194,340.00	129,560.00
4190.000 Other Admin Exp	0.00	16.67	16.67	0.00	66.67	66.67	200.00	200.00
4198.000 Advertising	74.31	0.00	(74.31)	74.31	0.00	(74.31)	0.00	(74.31)
4430.000 Contracts Costs	100.00	0.00	(100.00)	100.00	0.00	(100.00)	0.00	(100.00)
4500.000 TIF Expense	0.00	50.00	50.00	100.00	200.00	100.00	600.00	500.00
4510.000 Insurance	0.00	291.67	291.67	2,714.00	1,166.67	(1,547.33)	3,500.00	786.00
4540.000 ER FICA	17.22	29.17	11.95	63.14	116.67	53.53	350.00	286.86
4590.000 Other General Exp	0.00	12,315.00	12,315.00	0.00	49,260.00	49,260.00	147,780.00	147,780.00
TOTAL EXPENSES	24,801.53	31,055.84	6,254.31	76,970.85	124,223.34	47,252.49	372,670.00	295,699.15
SURPLUS	(23,515.85)	2,497.91	(26,013.76)	(71,057.67)	9,991.66	(81,049.33)	29,975.00	(101,032.67)

Crow Wing County HRA

Balance Sheet

April 2025

Program: 850 - Crow Wing County HRA

Project: 2. SCDP

	Period Amount	Balance
ASSETS		
1129.210 Cash - A/R General Fund	0.00	108,473.43
TOTAL ASSETS	0.00	108,473.43
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
2806.000 Retained Earnings	0.00	108,473.43
TOTAL SURPLUS	0.00	108,473.43
TOTAL LIABILITIES AND SURPLUS	0.00	108,473.43
TOTAL LIABILITIES AND SURPLUS	0.00	108,473.43
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Four Months Ending 04/30/2025
Program: 850 - Crow Wing County HRA Project: 2. SCDP

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
3690.000 Other Income	0.00	750.00	(750.00)	0.00	3,000.00	(3,000.00)	9,000.00	(9,000.00)
TOTAL INCOME	0.00	750.00	(750.00)	0.00	3,000.00	(3,000.00)	9,000.00	(9,000.00)
EXPENSES								
4600.001 SCDP Expense	0.00	750.00	750.00	0.00	3,000.00	3,000.00	9,000.00	9,000.00
TOTAL EXPENSES	0.00	750.00	750.00	0.00	3,000.00	3,000.00	9,000.00	9,000.00
SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Crow Wing County HRA

Balance Sheet

April 2025

Program: 850 - Crow Wing County HRA

Project: 3. Revolving Fund - TIF

	Period Amount	Balance
ASSETS		
1129.210 Cash - A/R General Fund	1,301.89	451,903.57
TOTAL ASSETS	1,301.89	451,903.57
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
2700.000 Income & Expense Summary (Current Year)	1,301.89	5,316.59
2806.000 Retained Earnings	0.00	446,586.98
TOTAL SURPLUS	1,301.89	451,903.57
TOTAL LIABILITIES AND SURPLUS	1,301.89	451,903.57
TOTAL LIABILITIES AND SURPLUS	1,301.89	451,903.57
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Four Months Ending 04/30/2025
Program: 850 - Crow Wing County HRA Project: 3. Revolving Fund - TIF

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
3610.000 Interest Revenue	1,301.89	833.33	468.56	5,316.59	3,333.33	1,983.26	10,000.00	(4,683.41)
TOTAL INCOME	1,301.89	833.33	468.56	5,316.59	3,333.33	1,983.26	10,000.00	(4,683.41)
SURPLUS	1,301.89	833.33	468.56	5,316.59	3,333.33	1,983.26	10,000.00	(4,683.41)

Crow Wing County HRA

Balance Sheet

April 2025

Program: 850 - Crow Wing County HRA

Project: 4. Development Fund

	Period Amount	Balance
ASSETS		
1120.000 Accounts Receivable Other	0.00	23.00
1129.210 Cash - A/R General Fund	0.00	(27.90)
1450.000 Land Held for Resale	0.00	14,033.20
TOTAL ASSETS	0.00	14,028.30
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
LIABILITIES		
2600.000 Def'd Inflow of Resources	0.00	14,033.20
TOTAL LIABILITIES	0.00	14,033.20
SURPLUS		
2700.000 Income & Expense Summary (Current Year)	0.00	(4.90)
TOTAL SURPLUS	0.00	(4.90)
TOTAL LIABILITIES AND SURPLUS	0.00	14,028.30
TOTAL LIABILITIES AND SURPLUS	0.00	14,028.30
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Four Months Ending 04/30/2025
Program: 850 - Crow Wing County HRA Project: 4. Development Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
3694.000 Development Revenue	0.00	5,916.67	(5,916.67)	0.00	23,666.67	(23,666.67)	71,000.00	(71,000.00)
TOTAL INCOME	0.00	5,916.67	(5,916.67)	0.00	23,666.67	(23,666.67)	71,000.00	(71,000.00)
EXPENSES								
4130.000 Legal	0.00	208.33	208.33	0.00	833.33	833.33	2,500.00	2,500.00
4150.000 Travel	0.00	0.00	0.00	4.90	0.00	(4.90)	0.00	(4.90)
4430.000 Contracts Costs	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00	1,200.00
4591.000 Closing Costs	0.00	83.33	83.33	0.00	333.33	333.33	1,000.00	1,000.00
4592.000 SAC/WAC/Park Fees	0.00	833.33	833.33	0.00	3,333.33	3,333.33	10,000.00	10,000.00
4600.006 Development Expense	0.00	4,691.67	4,691.67	0.00	18,766.67	18,766.67	56,300.00	56,300.00
TOTAL EXPENSES	0.00	5,916.66	5,916.66	4.90	23,666.66	23,661.76	71,000.00	70,995.10
SURPLUS	0.00	0.01	(0.01)	(4.90)	0.01	(4.91)	0.00	(4.90)

Crow Wing County HRA

Balance Sheet

April 2025

Program: 850 - Crow Wing County HRA

Project: 5. Housing Trust Fund

	Period Amount	Balance
ASSETS		
1129.210 Cash - A/R General Fund	3,539.70	1,228,680.91
1141.000 HTF Loan Receivable	0.00	1,312,119.00
TOTAL ASSETS	3,539.70	2,540,799.91
LIABILITIES AND SURPLUS		
LIABILITIES AND SURPLUS		
SURPLUS		
2700.000 Income & Expense Summary (Current Year)	3,539.70	13,874.73
2806.000 Retained Earnings	0.00	2,526,925.18
TOTAL SURPLUS	3,539.70	2,540,799.91
TOTAL LIABILITIES AND SURPLUS	3,539.70	2,540,799.91
TOTAL LIABILITIES AND SURPLUS	3,539.70	2,540,799.91
PROOF	0.00	0.00

Crow Wing County HRA
Operating Statement
Four Months Ending 04/30/2025
Program: 850 - Crow Wing County HRA Project: 5. Housing Trust Fund

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
3610.000 Interest Revenue	3,539.70	250.00	3,289.70	13,946.13	1,000.00	12,946.13	3,000.00	10,946.13
3691.000 Property Tax Revenue	0.00	33,333.33	(33,333.33)	0.00	133,333.33	(133,333.33)	400,000.00	(400,000.00)
TOTAL INCOME	3,539.70	33,583.33	(30,043.63)	13,946.13	134,333.33	(120,387.20)	403,000.00	(389,053.87)
EXPENSES								
4130.000 Legal	0.00	81.25	81.25	0.00	325.00	325.00	975.00	975.00
4150.000 Travel	0.00	2.08	2.08	71.40	8.33	(63.07)	25.00	(46.40)
4600.008 HTF Expense	0.00	1,583.33	1,583.33	0.00	6,333.33	6,333.33	19,000.00	19,000.00
TOTAL EXPENSES	0.00	1,666.66	1,666.66	71.40	6,666.66	6,595.26	20,000.00	19,928.60
SURPLUS	3,539.70	31,916.67	(28,376.97)	13,874.73	127,666.67	(113,791.94)	383,000.00	(369,125.27)

**Crow Wing County HRA
Payment Summary Report
April 2025**

Payment Number	Payment Date	Vendor	Description	Check Amount
27148	4/3/2025	Atlas Abstract & Title, Inc.	O&E Report HTF	\$ 100.00
27159	4/3/2025	Column Software	Outlot E&F Public Notice	\$ 74.31
27517	4/3/2025	CliftonLarsonAllen LLP	Auditing Fees	\$ 8,190.00
Total				\$ 8,364.31

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Eric Charpentier, Executive Director

Date: May 13th, 2025

Re: Request to Authorize Loan Execution for a Housing Trust Fund Loan to MNTLC

At our April 8th, 2025 meeting the board approved the funding for a new development loan for My Neighbor to Love Coalition (MNTLC), a Minnesota nonprofit corporation in the amount of \$382,000 for gap financing on a 12-plex housing development. Per our legal counsel's request, the board should approve, by resolution, the execution of the loan and supporting documentation prior to our loan closing. Attached you will find the loan note (*attachment 3a*), loan agreement (*attachment 3b*), loan covenants (*attachment 3c*) and the mortgage (*attachment 3d*) for your review. We have sent these documents to MNTLC for their review as well. We anticipate closing this loan as soon as possible once the board has taken the requested action.

Action Requested: Resolution 2025-03 authorizing staff to proceed and execute loan documents for a Housing Trust Fund loan between the CWC HRA and My Neighbor to Love Coalition as approved.

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CROW WING COUNTY HOUSING TRUST FUND PROGRAM
NEW CONSTRUCTION/DEVELOPMENT FINANCING PROGRAM

PROMISSORY NOTE
(Rental Housing Development)

\$382,000.00

May 14, 2025

MY NEIGHBOR TO LOVE COALITION, a Minnesota nonprofit corporation (the “Borrower”), for value received, hereby promises to pay to the CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA, a public body corporate and politic of the State of Minnesota (the “Lender”), or its assigns (the Lender and any assigns are hereinafter referred to as the “Holder”), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Three Hundred Eighty-Two Thousand and 00/100ths Dollars (\$382,000.00), or so much thereof as may be advanced under this Promissory Note (Rental Housing Development) (the “Note”), with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America. All terms capitalized used herein and not defined have the definitions given such terms in the Loan Agreement (Rental Housing Development) of even date herewith (the “Loan Agreement”) between the Borrower and the Lender.

1. Interest shall accrue on the outstanding principal amount of the Loan at a fixed interest rate equal to 1.00% per annum. Accrued interest shall be payable on the Maturity Date (defined below) or upon prepayment in full or in part of the Loan.

2. The entire unpaid balance of principal of, and interest on, the Loan shall be due and payable in full on May 14, 2045 (the “Maturity Date”).

3. The Borrower shall have the right to fully or partially prepay this Note at any time without premium or penalty. Any partial prepayment shall be applied first to any unpaid, accrued interest with the balance, if any, applied to principal.

4. This Note is given pursuant to the Loan Agreement, as the same may be amended from time to time, and is secured by a Combination Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement (Rental Housing Development) of even date herewith (the “Mortgage”) by the Borrower in favor of the Lender, covering certain real property located in the City of Brainerd, Crow Wing County, Minnesota and legally described in the Mortgage (the “Property”). All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement and the Mortgage are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note.

5. If an Event of Default occurs under the Loan Agreement or the Declaration with respect to the Borrower’s failure to comply with the Lender’s required affordability restrictions under the Loan Agreement or the Declaration, and the default is not cured within the time specified for such default in Sections 4.2 and 4.3 of the Loan Agreement, then the Holder of this Note may, at its right and option, declare immediately due and payable the principal balance of this Note and interest accrued thereon, upon providing written notice to the Borrower. The remedies of the Holder, as provided herein and in the Loan Agreement, the Declaration and the Mortgage, shall be cumulative and concurrent, may be pursued

singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur.

6. The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder of this Note and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any Event of Default occurs, and if the Holder engages legal counsel or others in connection with advice to the Holder or the Holder's rights and remedies under the Loan Agreement or this Note, the Borrower shall pay all reasonable expenses incurred by the Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note, the Loan Agreement, and the Mortgage.

8. Except as otherwise provided in this Note, the Loan Agreement, the Declaration, or the Mortgage, the Borrower hereby (a) waives demand, presentment for payment, notice of nonpayment, protest, notice of protest, and all other notice; (b) agrees to any substitution, exchange, addition, or release of any party or person primarily or secondarily liable hereon; and (c) agrees that the Holder shall not be required first to institute any suit or to exhaust its remedies against the Borrower or any other person or party in order to enforce payment of this Note.

9. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

10. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and governed by the laws thereof.

12. The indebtedness evidenced by this Note is nonrecourse except as follows. Notwithstanding the provisions of this Note or any other document, the Borrower and its members shall not be personally liable for payment of the indebtedness evidenced by this Note, and the Holder's sole recourse for payment of such indebtedness upon the occurrence of an Event of Default shall be to pursue the security provided by the Mortgage and other instruments securing payment of this Note. Nothing in this Section shall affect, limit or impair (a) the security provided by the Mortgage or any other document; (b) the right to seek monetary judgment against the Borrower or any owner of the mortgaged property to the extent necessary to permit foreclosure of the Mortgage by action (except that the Borrower shall not be personally liable for payment of any such judgment to the extent that the judgment is for payment of the indebtedness evidenced by this Note and no deficiency judgment will be sought or obtained against the Borrower for payment of the indebtedness evidenced by this Note); (c) subject to the terms of this Note, the enforcement by the Holder of any other legal or equitable rights or remedies or any other provision of any instrument by which this Note is secured; (d) the right to assert the Borrower's personal liability for payment of the indebtedness which this Note evidences as a counterclaim in any action which the Borrower commences against the Holder, to the extent the Borrower is awarded damages against the Holder; or (e) the right to hold any successors or assigns of the Borrower personally liable for payment of the indebtedness evidenced by this Note in the event the Borrower assigns its rights and obligations under

the Loan Agreement, this Note, or the Mortgage in violation of the provisions in the Loan Agreement, the Note, or the Mortgage.

13. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note (Rental Housing Development) to be duly executed as of the date and year first written above.

MY NEIGHBOR TO LOVE COALITION

By: _____
Vicky J. Kinney

Its: _____

CROW WING COUNTY HOUSING TRUST FUND PROGRAM
NEW CONSTRUCTION/DEVELOPMENT FINANCING PROGRAM

LOAN AGREEMENT
(Rental Housing Development)

THIS LOAN AGREEMENT (Rental Housing Development) (“Agreement” or “Loan Agreement”) is made this May 14, 2025, between the Crow Wing County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota (the “HRA”), and My Neighbor to Love Coalition, a Minnesota nonprofit corporation (the “Borrower”).

RECITALS

WHEREAS, Crow Wing County, Minnesota (the “County”) has established the Crow Wing County Housing Trust Fund Program which is managed and administered by the HRA and funds four different types of programs to encourage and assist in financing the production, preservation and stabilization of affordable and mixed-income housing in the County including the New Construction/Development Program (the “Program”); and

WHEREAS, the HRA has approved the Housing Trust Fund Guidelines (the “Program Guidelines”), attached hereto as **EXHIBIT A**, which are fully incorporated by reference into this Agreement and contain, in part, a summary and background of the Program, Program eligibility requirements, Program terms, a list of Program-eligible activities, Program occupancy requirements, Program rent restrictions, and other Program-specific policies and procedures; and

WHEREAS, the Borrower has proposed to acquire, construct, and equip a housing development that includes approximately 12 apartment units and facilities functionally related and subordinate thereto, located at 610 Third Street NW, in the City of Brainerd, Crow Wing County, Minnesota 56401 and legally described in **EXHIBIT B** attached hereto (the “Property”), for occupancy by individuals and families of extremely low, very low, and low income (i.e., at or below 30%, 50% or 80% area median income, respectively) (the “Project”); and

WHEREAS, pursuant to the Program Guidelines, the Borrower has provided an application to the HRA to participate in the Program and the HRA has determined that the Borrower is eligible to participate; and

WHEREAS, the HRA has agreed to lend to the Borrower, upon execution of this Agreement a loan in the principal amount of \$382,000.00 (the “Loan”) to perform Program-eligible activities in connection with the Project in order to make the Project more economically feasible and to create affordable housing in the County; and

WHEREAS, the Borrower will agree to impose certain affordability requirements for the Project pursuant to a Declaration of Restrictive Covenants (Rental Housing Development) of even date herewith (the “Declaration”) between the HRA and the Borrower; and

WHEREAS, to evidence and secure the Borrower’s repayment obligations with respect to the Loan, the Borrower will execute and deliver to the HRA a Promissory Note (Rental Housing Development) of even date herewith (the “Note”) and a Combination Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement (Rental Housing Development) of even date herewith (the “Mortgage”); and

WHEREAS, the HRA has reviewed this Agreement and finds that execution of this Agreement by the HRA and performance of the HRA's obligations hereunder are in the best interests of the HRA, the County, and its residents; and

WHEREAS, on May 13, 2025 the HRA Board of Commissioners approved the disbursement from the Trust Found Account for the Loan.

NOW, THEREFORE, to induce the HRA to make the Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

"Agreement" means this Loan Agreement (Rental Housing Development), which provides for the Loan as the same may be from time to time modified, amended, or supplemented.

"City" means the City of Brainerd, Minnesota.

"County" means the County of Crow Wing, Minnesota.

"Declaration" means the Declaration of Restrictive Covenants (Rental Housing Development) between the Borrower and the Authority in substantially the form attached hereto as **EXHIBIT C**.

"Borrower" means My Neighbor to Love Coalition, a Minnesota nonprofit corporation.

"HRA" means the Crow Wing County Housing and Redevelopment Authority.

"HRA Representative" means the Executive Director of the HRA, or any person designated by the Executive Director to act as the HRA representative for purposed of this Agreement.

"Loan" means the loan of \$382,000.00 made by the HRA to the Borrower for the Project from the Housing Trust Fund under the New Construction/Development Financing Program described in the Program Guidelines.

"Loan Documents" means, collectively, this Loan Agreement, the Declaration, the Mortgage, and the Note.

"Mortgage" means the Combination Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement executed by Borrower in favor of the HRA in connection with the Loan in substantially the form as set forth in **EXHIBIT D** attached hereto.

"Program Guidelines" means the Crow Wing County HRA Housing Trust Fund Guidelines, a copy of which is attached hereto as **EXHIBIT A**.

"Project" has the meaning set forth in the Recitals of this Agreement.

"Promissory Note" or "Note" means the Promissory Note executed by Borrower in favor of the HRA in connection with the Loan in substantially the same form as set forth in **EXHIBIT E** attached hereto.

“Property” means the real property described in **EXHIBIT B** attached hereto.

ARTICLE II

Loan

2.1 The Loan Amount. Subject to and upon the terms and conditions of this Agreement, the HRA agrees to make the Loan to the Borrower in the amount of One Million and 00/100ths Dollars (\$382,000.00), or so much thereof as is disbursed to Borrower in accordance with this Agreement. The Loan shall be evidenced by the Note, which Note shall be secured by the Mortgage.

2.2 Repayment of Loan. The Loan shall be repaid as follows:

(a) Interest shall accrue on the outstanding principal amount of the Loan at a fixed interest rate equal to 1.00% per annum. Accrued interest shall be payable on the Maturity Date (defined below) or upon prepayment in full or in part of the Loan.

(b) The entire unpaid balance of principal of, and interest on, the Loan shall be due and payable in full on May 14, 2045 (the “Maturity Date”).

(c) The Borrower shall have the right to prepay the Loan, as evidenced by the Note, in full or in part at any time without premium or penalty. Any partial prepayment shall be applied first to any unpaid, accrued interest, if any, and there after applied to principal.

(d) All proceeds from the Loan must be utilized for the Project.

2.3 Disbursement of Loan Proceeds.

(a) The Loan proceeds shall be paid to the Borrower on the date hereof or such other date as the parties hereto agree (the “Loan Closing Date”).

(b) The following events shall be conditions precedent to the payment of the Loan proceeds to the Borrower on the Loan Closing Date:

- (i) the Borrower having executed and delivered, or having caused to be executed and delivered, to the HRA on or prior to the Loan Closing Date, without expense to the HRA, executed copies of the Loan Documents;
- (ii) the Borrower having provided evidence that the Declaration and the Mortgage have been recorded in the property records of Crow Wing County;
- (iii) the Borrower having delivered to the HRA (1) copies of the organizational documents of the Borrower; (2) a certificate of good standing for the Borrower issued by the Minnesota Secretary of State; (3) certified resolutions of Borrower approving the Loan Documents;
- (iv) the Borrower having provided proof that all permits and other approvals for the Project have been issued by the City, and all required City fees in connection therewith have been paid in full; and
- (v) the Borrower having paid all attorneys’ fees, costs, and expenses incurred by the HRA in connection with the Loan Documents.

ARTICLE III
Borrower Representations, Warranties, Obligations

3.1 Representations and Warranties by the Borrower. The Borrower represents and warrants that:

(a) The Borrower is a limited liability company, duly organized and in good standing under the laws of the State of Florida, is authorized to transact business within the State of Minnesota, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement and the other Loan Documents by proper action of its governing body.

(b) The Borrower will acquire, construct, equip, operate and maintain the Project in accordance with the terms of this Agreement, the other Loan Documents, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code, labor and public health laws and regulations).

(d) The Borrower has received no written notice or other written communication from any local, state or federal official that the activities of the Borrower or the HRA on the Property or related to the Project may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the HRA is aware). The Borrower is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Borrower is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(f) The Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of proceeds of the Loan and that any duly authorized representative of the HRA shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Borrower respecting the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of the Loan.

(g) The Borrower understands that the HRA may subsidize or encourage the development of other developments in the County, including properties that compete with the Project, and that such subsidies may be more favorable than the terms of this Agreement, and that neither the HRA nor the County has represented that development of the Property will be favored over the development of other properties.

3.2 Annual Financial and Tax Statements of Borrower. So long as the Note is outstanding, the Borrower shall provide the HRA annually on or before April 1 with the annual financial statements of the Borrower. Such annual financial statements shall include the thirty (30) year operating pro forma of the Borrower. In addition, within 10 days of filing with the United States Internal Revenue Service, the annual federal income tax returns of the Borrower. If any tax return due date is extended, the Borrower shall provide the HRA with a copy of the application for extension that has been filed with the United States Internal Revenue Service not later than 10 days after the Borrower's tax return was initially due.

3.3 Business Subsidy. The Borrower warrants and represents that the Loan will be applied to the costs of developing the Project, and therefore the Loan is a form of financial assistance for housing pursuant to Minnesota Statutes section 116J.993, subd. 3(7) and does not constitute a business subsidy within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”). The Borrower releases and waives any claim against the HRA and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the HRA failed to comply with the Business Subsidy Act with respect to this Agreement.

ARTICLE IV **Events of default**

4.1. Event of Default by Borrower. The following shall be “Events of Default” under this Agreement:

- (a) the Borrower’s failure to comply with the HRA’s required affordability restrictions set forth in the Declaration;
- (b) the Borrower’s failure to pay principal of and interest on the Loan when due; and
- (c) the Borrower’s failure to provide the HRA with the Borrower’s annual financial statements required by Section 3.2 hereof.

4.2. HRA’s Remedies upon Borrower’s Default. Upon an Event of Default by the Borrower and after receipt of written notice from the HRA, provided the default is not cured within thirty (30) days of written notice by the HRA, the HRA shall, subject to the terms of the Note, have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

- (a) in the event of a default caused by the Borrower’s failure to comply with the HRA’s required affordability restrictions set forth in the Declaration, declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;
 - (b) suspend its performance under this Agreement;
 - (c) take any action provided for at law to enforce compliance by the Borrower with the terms of this Agreement or the Mortgage; and
 - (d) in the event of a default caused by the Borrower’s failure to pay principal of and interest on the Loan when payment is due pursuant to the terms hereof, declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower.
- (e) HRA’s Costs of Enforcement. If an Event of Default has occurred as provided herein, then upon demand by the HRA, the Borrower will pay or reimburse the HRA for all expenses, including all reasonable fees and disbursements of legal counsel, incurred by the HRA in connection with the enforcement of this Agreement and the other Loan Documents, or in connection with the protection or enforcement of the interests of the HRA in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

4.3. Cure Rights. (a) Borrower Cure Rights. The Borrower will have ten (10) days after receipt of written notice from the HRA of an Event of Default to cure a monetary default under the Loan Documents and thirty (30) days after receipt of such notice to cure any non-monetary defaults under the Loan Documents, or, as to non-monetary defaults, such longer period as is reasonably necessary under the circumstances as determined by the HRA, provided that cure is commenced within the above cure period and diligently prosecuted by the Borrower.

(b) Member Cure Rights. Any member of the Borrower shall have the right, but not the obligation, to cure any Event of Default by the Borrower under this Agreement or any default under the Note or the related Loan Documents, and the HRA may accept performance by the member of the Borrower of any obligation of the Borrower thereunder as though tendered by the Borrower itself, provided such performance by the member of the Borrower has occurred during the applicable cure period, if any, provided to the Borrower thereunder with respect to such default or Event of Default. The HRA agrees to give the Investor Member written notice of any and all defaults by the Borrower under the Loan Documents, and an opportunity, at the Investor Member's option, to cause the cure of such default within the cure periods set forth below, prior to exercising any remedies under the Loan Documents. The HRA agrees that the Investor Member will have ten (10) days after the Investor Member's receipt of notice of such default to cure, or cause the cure of a monetary default under the Loan Documents, and thirty (30) days (or such longer period as is set forth in the Loan Documents) after the Investor Member's receipt of such notice to cure any non-monetary defaults under the Loan Documents, or, as to non-monetary defaults, such longer period as is reasonably necessary for the Investor Member to cause cure, provided that cure is commenced within the above cure period and diligently prosecuted as determined by the HRA, including without limitation such time period as is necessary to remove the Borrower's managing member, if necessary in order to effect a cure.

ARTICLE V

Miscellaneous

5.1 Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

5.2 Assignment. This Agreement shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the HRA and its successors and assigns. All rights and powers specifically conferred upon the HRA may be transferred or delegated by the HRA to any of its successors and assigns. The Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by the HRA, which approval shall not be unreasonably withheld, conditioned, or delayed. Subject to prior consent of the HRA, nothing in this Agreement shall limit or restrict the ability of the Borrower's investor member, if any (the "Investor Member"), to transfer, sell, or assign its ownership interest in the Borrower, from time to time, provided that said Investor Member remains liable for payment of any then unpaid capital contributions to the Borrower, as and when payable, as set forth in the Borrower's operating agreement, notwithstanding any such transfer, sale, or assignment. In particular, the HRA agrees that any transfer, sales, or assignments of investor membership interests in the Borrower to any affiliate of the Investor Member or any entity in which the Investor Member, or an affiliate, is the manager or managing member shall not constitute defaults under this Agreement. The HRA shall have the right to consent to amendments to the Borrower's operating agreement entered into in order to effect transfers or assignments of the Investor Member's interest pursuant to this section; provided that such consent shall not be unreasonably withheld.

5.3 Law Governing; Other Matters. This Agreement shall be governed by the substantive laws of the State of Minnesota. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement or in any other Loan Document or other agreement between the Borrower and the HRA shall survive the execution, delivery and performance of this Agreement and the creation and payment of any indebtedness to the HRA. The Borrower waives notice of the acceptance of this Agreement by the HRA.

5.4 Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To the HRA: Crow Wing County Housing and Redevelopment Authority
324 East River Road
Brainerd, MN 56401
Attention: Executive Director

To the Owner: My Neighbor to Love Coalition
P.O. Box 581
Nisswa, MN 56468
Attention: Vicky J. Kinney

5.5 Indemnification. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the HRA and the County, including their officers, agents, and employees, harmless of and from and against any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the HRA or the County by reason of any alleged obligations or undertakings on the part of the HRA to perform or discharge any of the terms, covenants, or Agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of the Loan. The Borrower waives notice of the acceptance of this Agreement by the HRA. Nothing in this Agreement shall constitute a waiver or limitation of the HRA's or the County's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466 or otherwise.

5.6 [Reserved]

5.7 Amendments. This Agreement may be modified solely through written amendments hereto executed by Borrower and the HRA.

5.8 Non-Recourse. The indebtedness evidenced by the Note is nonrecourse except as follows. Notwithstanding the provisions of the Note or any other document, the Borrower and its members shall not be personally liable for payment of the indebtedness evidenced by the Note, and the HRA's sole recourse for payment of such indebtedness upon the occurrence of an Event of Default shall be to pursue the security provided by the Mortgage and other instruments securing payment of the Note. Nothing in this Section shall affect, limit or impair (a) the security provided by the Mortgage or any other document; (b) the right to seek monetary judgment against the Borrower or any owner of the mortgaged property to the extent necessary to permit foreclosure of the Mortgage by action (except that the Borrower shall not be personally liable for payment of any such judgment to the extent that the judgment is for payment of the indebtedness evidenced by the Note and no deficiency judgment will be sought or

obtained against the Borrower for payment of the indebtedness evidenced by the Note); (c) subject to the terms of the Note, the enforcement by the HRA of any other legal or equitable rights or remedies or any other provision of any instrument by which the Note is secured; (d) the right to assert the Borrower's personal liability for payment of the indebtedness which the Note evidences as a counterclaim in any action which the Borrower commences against the HRA, to the extent the Borrower is awarded damages against the HRA; or (e) the right to hold any successors or assigns of the Borrower personally liable for payment of the indebtedness evidenced by the Note in the event the Borrower assigns its rights and obligations under this Agreement, the Note, or the Mortgage in violation of the provisions in this Agreement, the Note, or the Mortgage.

5.9 Fees. All attorneys' fees and other fees due and payable in connection with the Loan, including but not limited to the fees associated with the recording of the Mortgage, shall be paid by the Borrower and shall not be included in the principal amount of the Loan.

5.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the undersigned officers of the HRA and the Borrower have executed this Loan Agreement (Housing Trust Fund) as of the date and year first written above.

**CROW WING COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY**

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Katherine Heppner and Eric Charpentier, the Chair and Executive Director, respectively, of the Crow Wing County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

WITNESS my hand and official seal.

Notary Public
My commission expires _____

Execution page of Borrower to the Loan Agreement (Housing Trust Fund), dated as of the date and year first written above.

MY NEIGHBOR TO LOVE COALITION

By: _____
Vicky J. Kinney

Its: _____

STATE OF MINNESTOA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Vicky J. Kinney, the _____ of My Neighbor to Love Coalition, a Minnesota nonprofit corporation, on behalf of the Borrower.

WITNESS my hand and official seal.

Notary Public
My commission expires _____

This instrument drafted by:

Kutak Rock LLP (SEL)
60 South 6th St Suite 3400
Minneapolis, MN 55402
(612) 334-5000

EXHIBIT A
Program Guidelines

EXHIBIT B

Property Legal Description

Lot 1, Block 1, Creekside Community Development

Crow Wing County, Minnesota.
Abstract and Torrens

EXHIBIT C
Form of Declaration

EXHIBIT D
Form of Mortgage

EXHIBIT E

Form of Promissory Note

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CROW WING COUNTY HOUSING TRUST FUND
NEW CONSTRUCTION/DEVELOPMENT FINANCING PROGRAM

DECLARATION OF RESTRICTIVE COVENANTS
(Rental Housing Development)

THIS DECLARATION OF RESTRICTIVE COVENANTS (Rental Housing Development) is made this May 14, 2025 (the “Declaration”), by MY NEIGHBOR TO LOVE COALITION, a Minnesota nonprofit corporation (the “Owner”), for the benefit of the CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Minnesota (the “HRA”).

RECITALS

WHEREAS, Crow Wing County, Minnesota (the “County”) has established the Crow Wing County Housing Trust Fund (the “Housing Trust Fund”) which is managed and administered by the HRA and funds four different types of programs to encourage and assist in financing the production, preservation and stabilization of affordable and mixed-income housing in the County including the New Construction/Development Financing Program (the “Program”); and

WHEREAS, the HRA has approved the Housing Trust Fund Guidelines, which are fully incorporated by reference into this Declaration and contain, in part, a summary and background of the Program, Program eligibility requirements, Program terms, a list of Program-eligible activities, Program occupancy requirements, Program rent restrictions, and other Program-specific policies and procedures; and

WHEREAS, the Owner has proposed to acquire, construct, and equip a housing development that includes approximately 12 apartment units and facilities functionally related and subordinate thereto, located at 610 Third Street NW, in the City of Brainerd, Crow Wing County, Minnesota 56401 and legally described in **EXHIBIT A** attached hereto (the “Development Property” or “Property”), for occupancy by individuals and families of extremely low, very low, and low income (i.e., at or below 30%, 50% or 80% area median income, respectively) (the “Project”); and

WHEREAS, the HRA has proposed to make a loan to the Owner in the principal amount of \$382,000.00 (the “Loan”) from the Housing Trust Fund in order to make the Project more economically feasible and to create affordable housing in the County; and

WHEREAS, the Owner intends, declares, and covenants that the restrictive covenants set forth herein shall be and are covenants running with the Property for the Qualified Project Period, as hereinafter described; and

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner agrees as follows:

1. Term of Restrictions.

(a) Rent and Occupancy Restrictions. The term of the rent and occupancy restrictions set forth in Section 3 hereof (the “Rent and Occupancy Restrictions”) shall commence on the date the Owner receives a certificate of occupancy from the City for all rental units on the Property (the “Rental Housing Units”). The period from the commencement of the term of the Rent and Occupancy Restrictions to termination thereof, as set forth in Section 1(b) below, is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration shall terminate upon the date that is twenty (20) years after the commencement of the Qualified Project Period. Notwithstanding the foregoing, this Declaration shall terminate upon the date that the Loan is repaid in full.

(c) Obligation to Repay. In the event that Development Property is sold or transferred prior to the end of the Qualified Project Period, or where a Rental Housing Unit is no longer occupied or held vacant for occupancy by a Qualified Tenant, as defined herein, the Owner shall be obligated to repay the Loan in full. In such event, this Declaration will terminate upon such repayment.

(d) Removal from Real Estate Records. Upon termination of this Declaration, the HRA shall, upon request by the Owner or its assigns, file any document appropriate to remove this Declaration from the real estate records of Crow Wing County, Minnesota.

2. Project Restrictions.

(a) The Owner represents, warrants, and covenants that:

(i) All leases of units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) shall contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(a)(ii) hereof); and

(2) Agrees that the family income at the time the lease is executed shall be deemed substantial and material obligation of the lessee’s tenancy, that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Owner or the HRA, and that the lessee’s failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee’s tenancy.

(ii) The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the HRA or the County to inspect the books and records of the Owner pertaining to the income of Qualifying Tenants residing in the Project.

3. Rent and Occupancy Restrictions.

(a) Affordability Provisions. The Owner represents, warrants, and covenants that:

(i) Qualifying Tenants. (A) As required by the Housing Trust Fund Guidelines, from the commencement of the Qualified Project Period, not less than 60% of the Rental Housing Units (i.e., not less than 8 units of the total 12 Rental Housing Units) (the “Affordable Units”) shall have rents that are affordable to and shall be occupied by Qualifying Tenants, of which not less than 40% of the Rental Housing Units (i.e., not less than 5 units of the total 12 units) shall have rents that are affordable to and shall be occupied by Qualifying Tenants of Moderate Income, and not less than 20% of the Rental Housing Units (i.e., not less than 3 units of the 12 Rental Housing Units) shall have rents that are affordable to and shall be occupied by Qualifying Tenants of Low Income. The remaining 40% of the Rental Housing Units (i.e., not more than 4 units of the total 12 units) may have rents set at market rate. “Qualifying Tenants of Moderate Income” shall mean one or more occupants of a unit who are determined from time to time by the Owner to have a combined gross income which does not exceed one hundred fifteen percent (115%) of area median income as estimated by the United States Department of Housing and Urban Development (the “Area Median Income”) for the applicable calendar year, adjusted for household size. “Qualifying Tenants of Low Income” shall mean one or more occupants of a unit who are determined from time to time by the Owner to have a combined gross income which does not exceed eighty percent (80%) of Area Median income for the applicable calendar year, adjusted for household size. Qualifying Tenants of Moderate Income and Qualifying Tenants of Low Income shall hereinafter also be referred to as “Qualifying Tenants.” Rent is affordable if a housing payment, inclusive of a reasonable allowance for heating, allows Qualifying Tenants to rent a unit while paying no more than thirty percent (30%) of their gross household income. The determination of whether an individual or family is a Qualifying Tenant shall be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually.

(B) Notwithstanding the foregoing, the Owner expects that: 6 of the Rental Housing Units will be made available for occupancy by individuals and families who are determined from time to time by the Owner to have a combined gross income which does not exceed one thirty percent (30%) of Area Median Income; 5 of the Rental Housing Units will be made available for occupancy by individuals and families who are determined from time to time by the Owner to have a combined gross income which does not exceed one fifty percent (50%) of Area Median Income; and 1 of the Rental Housing Units will be made available for occupancy by Qualifying Tenants of Low Income.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant shall be required annually to sign and deliver to the Owner a Certification of Tenant Eligibility substantially in the form attached as **EXHIBIT B** hereto, or in such other form as may be approved by the HRA (the “Eligibility Certification”), provided that such approval shall not be reasonably withheld, conditioned, or delayed, in which the prospective Qualifying Tenant certifies as to qualifying as a Qualifying Tenant of Moderate or Low Income. In addition, such person shall be required to provide whatever other information, documents, or certifications are reasonably deemed necessary by the HRA to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that such tenant continues to be a Qualifying Tenant within the meaning of Section 3(a)(i) hereof. Eligibility Certifications will be maintained on file by the Owner with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

(iii) Lease. The form of lease to be utilized by the Owner in renting any Rental Housing Unit to any person who is intended to be a Qualifying Tenant shall provide for termination of the lease and consent by such person to immediate eviction for failure to qualify as a Qualifying Tenant

as a result of any material misrepresentation made by such person with respect to the Eligibility Certification.

(iv) Annual Report. The Owner covenants and agrees that during the term of this Declaration, it will prepare and submit to the HRA on or before April 1 of each year, a certificate substantially in the form of **EXHIBIT C** attached hereto, executed by the Owner, (1) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants, including the percentage of the Rental Housing Units which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of such certificate; (2) describing all transfers or other changes in ownership of the Project or any interest therein; and (3) stating that, to the best knowledge of the person executing such certificate after due inquiry, all such units were rented or available for rental on a continuous basis during such year to members of the general public and that the Owner was not otherwise in default under this Declaration during such year.

(v) Notice of Non-Compliance. The Owner will promptly notify the HRA if at any time during the term of this Declaration the Rental Housing Units are not occupied or available for occupancy as required by the terms of this Declaration.

(b) Section 8 Housing. During the term of this Declaration, the Owner shall not adopt any policies that prohibit or in any way exclude rental to tenants holding certificates/vouchers under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor (the "Housing Act"), because of such prospective tenant's status as such a certificate/voucher holder. Additionally, the Owner shall not adopt policies that have the effect of making it difficult for tenants holding certificates/vouchers under Section 8 of the Housing Act to rent units within the Project (for example, policies that require income of more than two times the rent to be paid for a unit). The HRA acknowledges that, under Section 8 of the Housing Act, the Owner may not have the right to evict tenants that do not meet the requirements of Section 3(a) hereof and agrees that any noncompliance with Section 3 hereof resulting from the Owner's compliance with Section 8 of the Housing Act will not be an event of default hereunder.

4. Transfer Restrictions. The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any transfer that the transferee of the Project pursuant to the transfer assume in writing, in a form acceptable to the HRA, all duties and obligations of the Owner under this Declaration, including this Section 4, in the event of a subsequent transfer by the transferee prior to expiration of the Rent and Occupancy Restrictions provided herein (the "Assumption Agreement"). The Owner shall deliver the Assumption Agreement to the HRA prior to the transfer. Subject to prior consent of the HRA, nothing in this Declaration shall limit or restrict the ability of the Owner's investor member, if any (the "Investor Member"), to transfer, sell, or assign its ownership interest in the Owner, from time to time, provided that said Investor Member remains liable for payment of any then unpaid capital contributions to the Owner, as and when payable, as set forth in the Owner's operating agreement, notwithstanding any such transfer, sale, or assignment. In particular, the HRA agrees that any transfer, sales, or assignments of investor membership interests in the Owner to any affiliate of the Investor Member or any entity in which the Investor Member, or an affiliate, is the manager or managing member shall not constitute defaults under this Declaration. The HRA shall have the right to consent to amendments to the Owner's operating agreement entered into in order to effect transfers or assignments of the Investor Member's interest pursuant to this section; provided that such consent shall not be unreasonably withheld.

5. Notice of Sale. The Owner agrees to provide the HRA with at least ninety (90) days' notice of any sale of the Project.

6. Enforcement.

(a) The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the HRA to inspect any books and records of the Owner regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Owner shall submit any other information, documents or certifications requested by the HRA which the HRA deems reasonably necessary to substantial continuing compliance with the provisions specified in this Declaration.

(c) The Owner understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the HRA may exercise any remedy available to it under law.

7. Indemnification. The Owner hereby indemnifies, and agrees to defend and hold harmless, the HRA and the County, including their officers, agents, and employees, harmless of and from and against any and all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Owner to comply with the terms of this Declaration, or on account of any representation or warranty of the Owner contained herein being untrue.

8. Agent of the HRA. The HRA shall have the right to appoint an agent to carry out any of its duties and obligations hereunder, and shall inform the Owner of any such agency appointment by written notice.

9. Severability. The invalidity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.

10. Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing. The Owner and the HRA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent. The initial addresses for notices and other communications are as follows:

To the HRA: Crow Wing County Housing and Redevelopment Authority
324 East River Road
Brainerd, MN 56401
Attention: Executive Director

To the Owner: My Neighbor to Love Coalition
P.O. Box 581
Nisswa, MN 56468
Attention: Vicky J. Kinney

11. Governing Law. This Declaration shall be governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

12. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Declaration, the Owner agrees to pay

the reasonable attorneys' fees and other reasonable expenses paid or incurred by the HRA in connection with such action.

13. Counterparts. This Declaration may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Declaration, and, in making proof of this Declaration, it shall not be necessary to produce or account for more than one such counterpart.

14. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County, the State, and in such other places as the HRA may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

15. Declaration Binding. This Declaration and the covenants contained herein shall run with the Property and shall bind the Owner and its successors and assigns and all subsequent owners of the Property or any interest therein, and the benefits shall inure to the HRA and its successors and assigns for the term of this Declaration as provided in Section 1(b) hereof.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Owner has caused this Declaration of Restrictive Covenants (Rental Housing Development) to be signed by its respective duly authorized representatives, as of the date and year first written above.

MY NEIGHBOR TO LOVE COALITION

By: _____
Vicky J. Kinney
Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Vicky J. Kinney, the _____ of My Neighbor to Love Coalition, a Minnesota nonprofit corporation on behalf of the Owner.

WITNESS my hand and official seal.

Notary Public
My commission expires _____

This instrument drafted by:

Kutak Rock LLP (SEL)
60 South 6th St Suite 3400
Minneapolis, MN 55402
(612) 334-5000

This Declaration of Restrictive Covenants (Rental Housing Development) is acknowledged and consented to by:

**CROW WING COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY**

By: _____
Chair

By: _____
Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Katherine Heppner, the Chair of the Crow Wing County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Eric Charpentier, the Executive Director of the Crow Wing County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

Lot 1, Block 1, Creekside Community Development

Crow Wing County, Minnesota.
Abstract and Torrens

EXHIBIT B

CERTIFICATION OF TENANT ELIGIBILITY

Project: 610 Third Street NW, Brainerd, Crow Wing County, Minnesota 56401

Owner: My Neighbor to Love Coalition

Unit Type: _____ Studio N/A 1 BR _____ 2 BR

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Place of Employment
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Income Computation

2. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$_____.

3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:

(a) the total value of all such assets owned by all such persons: \$_____;

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$_____; and

(c) the amount of such income which is included in income listed in item 2: \$_____.

4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____

No _____

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____

No _____

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

Head of Household

Spouse

FOR COMPLETION BY OWNER
(OR ITS PROPERTY MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

(a) Enter amount entered for entire household in 2 above: \$_____

(b) If the amount entered in 3(a) above is greater than \$5,000, enter the greater of
(i) the amount entered in 3(b) less the amount entered in 3(c) or (ii) 10% of the amount entered in
3(a): \$_____

(c) TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): \$_____

2. The amount entered in 1(c) is less than or equal to 115% OR 80% of Area Median Income for the area in which the Project is located, as described in the Declaration. 115% is necessary for status as a "Qualifying Tenant of Moderate Income" under Section 3(a) of the Declaration and 80% is necessary for status as a "Qualifying Tenants of Low Income" under Section 3(a) of the Declaration.

3. Rent:

(a) The rent for the unit is \$_____.

(b) The amount entered in 3(a) is less than or equal to the maximum rent permitted under the Declaration.

4. Number of apartment unit assigned: _____.

5. This apartment unit was _____ was not _____ last occupied for a period of at least 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit was less than or equal to [check one]:

_____ 115% of Area Median Income, or

_____ 80% of Area Median Income.

6. Check One:

At least 60% of the Rental Housing Units must constitute Affordable Units:

_____ Applicant qualifies as a Qualifying Tenant of Moderate Income (must be at least 5 units which is at least 40% of the Rental Housing Units),

_____ Applicant qualifies as a Qualifying Tenant of Low Income (must be at least 3 units, which is at least 20% of the Rental Housing Units), or

Not more than 40% of the Rental Housing Units:

_____ Applicant is not a Qualifying Tenant (no more than 4 units).

THE UNDERSIGNED HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF ANY FACTS WHICH WOULD CAUSE HIM/HER TO BELIEVE THAT ANY OF THE INFORMATION PROVIDED BY THE TENANT MAY BE UNTRUE OR INCORRECT.

MY NEIGHBOR TO LOVE COALITION

By _____
Its _____

EXHIBIT C
CERTIFICATE OF
CONTINUING PROGRAM COMPLIANCE

Date: _____, 20____.

The following information with respect to the project located at 610 Third Street NW, Brainerd, Crow Wing County, Minnesota 56401 (the "Project"), is being provided by My Neighbor to Love Coalition, a Minnesota nonprofit corporation (the "Owner"), to the Crow Wing County Housing and Redevelopment Authority (the "HRA"), pursuant to that certain Declaration of Restrictive Covenants (Rental Housing Development), dated _____, 2025 (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is 12. The total number of such units occupied is _____.

(B) The following residential units (identified by unit number) have been designated for occupancy by "Qualifying Tenants of Moderate Income," as such term is defined in Section 3(a)(i) of the Declaration (for a total of ____ units):

Studio Units:

1 BR Units:

2 BR Units:

(C) The following residential units (identified by unit number) have been designated for occupancy by "Qualifying Tenant of Low Income," as such term is defined in Section 3(a)(i) of the Declaration (for a total of ____ units):

Studio Units:

1 BR Units:

2 BR Units:

(D) The following residential units which are included in (B) above, have been re-designated as units for Qualifying Tenants of Moderate Income since _____, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the HRA by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
_____	_____	_____
_____	_____	_____

C-1

(E) The following residential units which are included in (C) above, have been re-designated as units for Qualifying Tenants of Low Income since _____, 20____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the HRA by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(F) The following residential units are considered to be occupied by “Qualifying Tenants,” as such term is defined in Section 3(a)(i) of the Declaration, based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	At or below 80% or 115% of Area Median Income	Date of Initial Occupancy	Rent
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
etc.								

(E) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as **EXHIBIT B** to the Declaration or such other form as approved by the HRA, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (F) above who signed such a Certification since _____, 20____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the HRA by the Owner.

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

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

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

(I) The Owner certifies that as of the date hereof all of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

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

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

MY NEIGHBOR TO LOVE COALITION

By: _____

Its: _____

THIS MORTGAGE IS EXEMPT FROM REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES, SECTION 287.04(6).

CROW WING COUNTY HOUSING TRUST FUND PROGRAM
NEW CONSTRUCTION/DEVELOPMENT FINANCING PROGRAM

**COMBINATION MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENTS OF LEASES AND RENTS, AND
FIXTURE FINANCING STATEMENT**
(Rental Housing Development)

THIS COMBINATION MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FINANCING STATEMENT (Rental Housing Development) is made this 14th day of May, 2025 (the "Mortgage"), by MY NEIGHBOR TO LOVE COALITION, a Minnesota nonprofit corporation, with a registered office address of P.O. Box 581. Nisswa, MN 56468 (the "Mortgagor"), in favor of the CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Minnesota, with an address of 324 East River Road, Brainerd, Mn 56401 (the "Mortgagee").

WITNESSETH:

That the Mortgagor, in consideration of the sum of Three Hundred Eighty-Two Thousand and 00/100ths Dollars (\$382,000.00) and other good, valuable and sufficient consideration, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, and convey unto the Mortgagee, its successors and assigns, forever, all the tract or parcel of land lying and being in the County of Crow Wing and State of Minnesota located at 610 Third Street NW, Brainerd, Minnesota 56401 and legally described in **EXHIBIT A** attached hereto (the "Land"); together with all equipment, fixtures, improvements, building supplies and materials, and personal property now or hereafter attached to, located, in, or necessary to the use of the Land (but excluding personal property of Mortgagor's tenants); and including all rents, leases, profits and issues now due or which may hereafter become due under or by virtue of any lease, license, sublease, or agreement, whether written or verbal, for the use or occupancy of the Land or any part thereof.

To have and to hold the same, together with the hereditaments and appurtenances thereto belonging to the Mortgagor, its successors and assigns, forever; and the Mortgagor, for itself, and its successors and assigns, does covenant with the Mortgagee, its successors and assigns, as follows: That it is lawfully seized of said premises and has good right to sell and convey the same; that the same are free

from all encumbrances, save and except reservations, restrictions and easements set forth on **EXHIBIT B** attached hereto; that the Mortgagee, its successors and assigns, shall quietly enjoy and possess the same; and that the Mortgagor will warrant and defend the title to the same against all lawful claims not hereinbefore specifically excepted; and

Provided, nevertheless, that if the Mortgagor, its successors and assigns, shall keep and perform each and every one of its obligations under and pursuant to that certain Promissory Note (Rental Housing Development) of even date herewith (the "Note"), given by the Mortgagor in favor of the Mortgagee, and shall keep and perform all the covenants and agreements herein contained, then this Mortgage shall be null and void, and to be released at the Mortgagor's expense.

This Mortgage secures a principal debt in the amount of One Million and 00/100ths Dollars (\$382,000.00) payable by the Mortgagor to the Mortgagee (the "Loan") under the terms of the Note and the Loan Agreement (Rental Housing Development) of even date herewith (the "Loan Agreement") between the Mortgagor and the Mortgagee, which Note matures on May 14, 2045. This Mortgage matures no later than May 14, 2045.

Notwithstanding the provisions of this Mortgage or any other document, the Mortgagor and its members or partners shall not be personally liable for payment of the indebtedness evidenced by the Note, and the Mortgagee's sole recourse for payment of such indebtedness upon the occurrence of an Event of Default (hereinafter defined) shall be to pursue the security provided by this Mortgage and other instruments securing payment of the Note. Nothing in this Section shall affect, limit or impair (i) the security provided by this Mortgage or any other document; (ii) the right to seek monetary judgment against the Mortgagor or any owner of the mortgaged property to the extent necessary to permit foreclosure of this Mortgage by action (except that the Mortgagor shall not be personally liable for payment of any such judgment to the extent that the judgment is for payment of the indebtedness evidenced by the Note and no deficiency judgment will be sought or obtained against the Mortgagor for payment of the indebtedness evidenced by the Note); (iii) subject to the terms of the Note, the enforcement by the Mortgagee of any other legal or equitable rights or remedies or any other provision of any instrument by which the Note is secured; (iv) the right to assert the Mortgagor's personal liability for payment of the indebtedness which the Note evidences as a counterclaim in any action which the Mortgagor commences against the Mortgagee, to the extent the Mortgagor is award damages against the Mortgagee; or (v) the right to hold any successors or assigns of the Mortgagor personally liable for payment of the indebtedness evidenced by the Note in the event the Mortgagor assigns its rights and obligations under the Loan Agreement, the Note, or this Mortgage in violation of the provisions of the Loan Agreement, the Note, or this Mortgage.

1. The Mortgagor, for itself, and its successors and assigns, does hereby covenant and agree with the Mortgagee, its successors and assigns, to perform its obligations as above specified, to pay all taxes and assessments now due or that may hereafter become liens against said premises at least ten (10) days before penalty attaches thereto; to pay, when due, both principal and interest of all prior liens or encumbrances, if any, above mentioned and to keep said premises free and clear of all other prior liens or encumbrances; to commit or permit no waste on said premises and to keep them in good repair; to complete any improvements which may hereafter be under course of construction thereon, and to pay any other expenses and attorneys' fees incurred by the Mortgagee, its successors or assigns, by reason of litigation with any third party for the protection of the lien of this Mortgage.

2. The Mortgagor does further covenant and agree that if any lien for labor, skill or material shall be filed for record during the life of this Mortgage, upon or against the premises hereby mortgaged, the Mortgagor will, within thirty (30) days after the date of its filing for record, either pay off the lien and secure its satisfaction of record, or will protect the Mortgagee against any loss or damage growing out of

its enforcement, by furnishing a bond for the same amount in the form and with the sureties to be approved by the Mortgagee or a cash escrow in an amount acceptable to the Mortgagee.

3. In case of failure to pay said taxes and assessments, prior liens or encumbrances, expenses and attorneys' fees as above specified, or to insure said buildings and deliver the policies as aforesaid, the Mortgagee, its successors or assigns, may pay such taxes, assessments, prior liens, expenses and attorneys' fees and interest thereon, or effect such insurance, and the sums so paid shall bear interest at the rate of four percent (4%) per annum or, if less, the highest rate permitted by law from the date of such payment, shall be impressed as an additional lien upon said premises, and be immediately due and payable from the Mortgagor, its successors or assigns, to the Mortgagee, its successors or assigns, and this Mortgage shall from date thereof secure the repayment of such advance with interest.

4. Upon the occurrence of an event of default under the Loan Agreement (an "Event of Default"), subject to the remedies and rights to cure such Event of Default provided herein and in the Loan Agreement, the Mortgagor confers upon the Mortgagee the option, of declaring a default and hereby authorizes and empowers the Mortgagee, its successors and assigns, to foreclose this Mortgage by judicial proceedings or to sell said premises at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the money arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fee permitted by law, which costs, charges and fees the Mortgagor herein agrees to pay.

5. The Mortgagor will have ten (10) days after receipt of written notice from the Mortgagee of an Event of Default to cure a monetary default under the Loan Documents, and thirty (30) days after receipt of such notice to cure any non-monetary defaults under the Loan Documents, or, as to non-monetary defaults, such longer period as is reasonably necessary under the circumstances, provided that cure is commenced within the above cure period and diligently prosecuted by the Mortgagor.

6. Any member of the Mortgagor shall have the right, but not the obligation, to cure any Event of Default by the Mortgagor under this Mortgage, the Note, or the Loan Agreement, and the Mortgagee may accept performance by the member of the Mortgagor of any obligation of the Mortgagor thereunder as though tendered by the Mortgagor itself, provided such performance by the member of the Mortgagor has occurred during the applicable cure period, if any, provided to the Mortgagor thereunder with respect to such default or Event of Default.

7. Capitalized terms used herein that are otherwise not defined shall have the meanings provided in the Loan Agreement.

8. This Mortgage is exempt from mortgage registration tax imposed by Minnesota Statutes, Section 287.035, pursuant to Minnesota Statutes, Section 287.04(6), because the principal amount of the loan referred to herein is made under a low- and moderate-income or other affordable housing program and the Mortgagee is the Housing and Redevelopment Authority in and for Crow Wing County, Minnesota, which is a public body corporate and politic of the State of Minnesota.

9. The Mortgagee agrees that this Mortgage shall be subordinate to any mortgages provided by the Mortgagor to the senior lender described below in connection with the Project, including the following:

None.

IN WITNESS WHEREOF, the Mortgagor has executed this Combination Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement (Rental Housing Development) as of the date and year first written above.

MY NEIGHBOR TO LOVE COALITION

By: _____
Vicky J. Kinney

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Vicky J. Kinney, the _____ of My Neighbor to Love Coalition, a Minnesota nonprofit corporation, on behalf of the Mortgagor.

WITNESS my hand and official seal.

Notary Public
My commission expires _____

This instrument drafted by:

Kutak Rock LLP (SEL)
60 South 6th St Suite 3400
Minneapolis, MN 55402
(612) 334-5000

EXHIBIT A
DESCRIPTION OF LAND

Lot 1, Block 1, Creekside Community Development

Crow Wing County, Minnesota.
Abstract and Torrens

EXHIBIT B

PERMITTED ENCUMBRANCES

Jennifer Bergman, City Administrator
to
My Neighbor to Love Coalition

Conditional Use Permit
Dated: November 7, 2022
Filed: May 23, 2023
Document No. 984351
Legal: Lots 1-6, inclusive, Block M and the
adjacent northerly half of vacated Robert Street, WEST BRAINERD; Lots 7 through 9, inclusive, Block
M, WEST BRAINERD; Lot 10, Block M, WEST BRAINERD and other lands.

Jennifer Bergman, City Administrator
to
My Neighbor to Love Coalition

Conditional Use Permit
Dated: November 7, 2022
Filed: May 23, 2023
Document No. 984355
Legal: Lots 1-6, inclusive, Block M and the
adjacent northerly half of vacated Robert Street, WEST BRAINERD; Lots 7 through 9, inclusive, Block
M, WEST BRAINERD; Lot 10, Block M, WEST BRAINERD and other lands.

Nicholas Broyles, City Administrator
to
My Neighbor to Love Coalition

Conditional Use Permit
Dated: March 4, 2024
Filed: May 2, 2024
Document No. 996166
Legal: Same as Legal Description.

Bremer Bank, My Neighbor to Love Coalition
and My Neighbor to Love Coalition
to
The Public

Agreement for Covenants and Restrictions
Dated: November 1, 2024
Filed: December 10, 2024
Document No. 1004305

Legal: Same as Legal Description.

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE COUNTY OF CROW WING

RESOLUTION NO. 2025-03

RESOLUTION APPROVING A LOAN TO MY NEIGHBOR TO LOVE COALITION, IN THE PRINCIPAL AMOUNT OF \$382,0000, FROM THE CROW WING COUNTY HOUSING TRUST FUND AND APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED TO SUCH LOAN

BE IT RESOLVED By the Board of Commissioners (“Board”) of the Housing and Redevelopment Authority in and for the County of Crow Wing (“Authority” or “HRA”) as follows:

Section 1. Recitals.

1.01. By Resolution No. 2020-10 adopted by the Board of Commissioners of Crow Wing County, Minnesota (the “County”) on February 25, 2020 following a duly noticed public hearing, the County established by ordinance (the “Ordinance”) the Crow Wing County Housing Trust Fund (the “Housing Trust Fund”) pursuant to Minnesota Statutes, Section 462C.16. The Housing Trust Fund funds four different types of programs to encourage and assist in financing the production, preservation and stabilization of affordable and mixed-income housing in the County (the “Program”), including the New Construction/Development Program. The Housing Trust Fund is administered by the Executive Director of the HRA pursuant to the Crow Wing County HRA Housing Trust Fund Guidelines (“Program Guidelines”).

1.02. My Neighbor to Love Coalition, a Minnesota nonprofit corporation (the “Borrower”) has proposed to acquire, construct, and equip a housing development that includes approximately 12 apartment units and facilities functionally related and subordinate thereto, located at 610 Third Street NW, in the City of Brainerd, Crow Wing County, Minnesota 56401 (the “Property”), for occupancy by individuals and families of extremely low, very low, and low income (i.e., at or below 30%, 50% or 80% area median income, respectively) (the “Project”).

1.03. Pursuant to the Program Guidelines, the Borrower has submitted an application to the HRA to participate in the Program, and the HRA has reviewed such application and determined that the Borrower is eligible to participate.

1.04. In order to make the Project more economically feasible and to create affordable housing in the County, the HRA has agreed to make a loan to the Borrower, in the principal amount of \$382,000.00 (the “Loan”), pursuant to the terms of a Loan Agreement (Rental Housing Development) (the “Loan Agreement”) between the HRA and the Borrower.

1.05. In consideration for the Loan, the Borrower has agreed to impose certain affordability requirements for the Project pursuant to a Declaration of Restrictive Covenants (Rental Housing Development) (the “Declaration”) between the HRA and the Borrower.

1.06. To evidence and secure the Borrower’s repayment obligations with respect to the Loan, the Borrower has agreed to execute and deliver to the HRA a Promissory Note (Rental Housing Development) (the “Note”) and a Combination Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement (Rental Housing Development) (the “Mortgage”).

1.07. Forms of documents relating to the Loan, including the Loan Agreement, the Declaration, the Note, and the Mortgage (collectively, the “Loan Documents”), have been prepared and are on file with

the HRA.

Section 2. HRA Approval; Further Proceedings.

2.01. The Board has reviewed the Loan Agreement and finds that the Loan and execution of the Loan Agreement by the HRA and performance of the HRA's obligations thereunder are in the best interests of the HRA, the County, and its residents. In satisfaction of Section 4.1 of the Ordinance, the Board hereby approves the Loan.

2.02. The Loan Documents as presented to the Board are hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the documents by such officials shall be conclusive evidence of approval.

2.03. The Chair and Executive Director are hereby authorized to execute on behalf of the HRA the Loan Documents and any documents referenced therein requiring execution by the HRA, and to carry out, on behalf of the HRA, its obligations thereunder.

2.04. HRA and HRA staff are authorized and directed to take all actions to implement the Loan.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this 13th day of May, 2025.

Chair

ATTEST:

Secretary



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: May 13th, 2025
Re: Housing Trust Fund Review

HTF Statute and HTF Ordinance

At our March 11th board meeting there was a discussion surrounding our housing trust fund and having some information sessions about the fund, how it was started and what we have available from our programming. At the May meeting I thought we would start with the state statute (*attachment 4a*) that allowed local housing trust funds to be created as well as the ordinance (*attachment 4b*) that was approved by the County Commissioners that allowed the creation and administration of the housing trust fund locally. I have also included our most recently updated guidelines (*attachment 4c*) so that we can start to discuss the programs that we have available currently. I will plan on going through additional programs at our June meeting as well.

Action Requested: For discussion purposes only.

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462C.16 HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given to them.

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

(1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

(2) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;

(3) match other funds from federal, state, or private resources for housing projects; or

(4) provide down payment assistance, rental assistance, and home buyer counseling services.

Subd. 4. **Funding.** (a) A local government may finance its local or regional housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

(1) donations;

(2) bond proceeds;

(3) grants and loans from a state, federal, or private source;

(4) appropriations by a local government to the fund;

(5) investment earnings of the fund; and

(6) housing and redevelopment authority levies.

(b) The local government may alter a source of funding for the local or regional housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

Subd. 5. **Reports.** A local or regional housing trust fund established under this section must report annually to the local government that created the fund. The local government or governments must post this report on its public website.

Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A local or regional housing trust fund existing on July 1, 2017, is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by subdivision 2.

History: 2017 c 94 art 11 s 8

**BOARD OF COUNTY COMMISSIONERS
Crow Wing County, Minnesota**

DATE: February 25, 2020

Resolution 2020-10

OFFERED BY COMMISSIONERS: Barrows and Brekken

AYES: Koering, Brekken, Barrows, Franzen, Houge

HOUSING TRUST FUND ORDINANCE

WHEREAS, in accordance with Minnesota Statute 375.51, a Public Hearing was held on February 25, 2020, to consider approval of a Housing Trust Fund Ordinance.

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of Crow Wing County, Minnesota, adopts the attached Ordinance Establishing a Housing Trust Fund in Crow Wing County (Ordinance No. 2001), effective upon publication.

Document No. : 929743 ABSTRACT

03/04/2020 02:34 PM Total Pages: 5

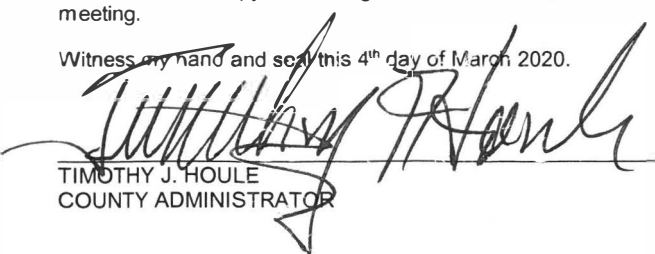
Fees/Taxes In the Amount of: \$0.00

GARY GRIFFIN
CROW WING, MINNESOTA
County Recorder
Deputy: geria

STATE OF MINNESOTA)
COUNTY OF CROW WING) ss

I, Timothy J. Houle, County Administrator, Crow Wing County, Minnesota, hereby certify that I have compared the foregoing copy of the resolution of the county board of said county with the original record thereof on file in the Administration Office, Crow Wing County, Minnesota, as stated in the minutes of the proceedings of said board at a meeting duly held on February 25, 2020, and that the same is a true and correct copy of said original record and of the whole thereof, and that said resolution was duly passed by said board at said meeting.

Witness my hand and seal this 4th day of March 2020.


TIMOTHY J. HOULE
COUNTY ADMINISTRATOR

ORDINANCE NO. 2001

AN ORDINANCE ESTABLISHING A HOUSING TRUST FUND IN CROW WING COUNTY

Section 1: GENERAL PROVISIONS

1.1 Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16.

1.2 Purpose. Pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the County of Crow Wing a fund to be known and denominated as the Crow Wing County Housing Trust Fund. The Trust Fund shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the County. The Trust Fund shall provide loans and grants to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner-occupied). Projects funded by the Trust Fund shall be dispersed throughout the County.

Section 2: DEFINITIONS

2.1 “Affordable” means a housing unit that has an Affordable Housing Cost

2.2 “Affordable Housing Cost” means an amount satisfied by:

2.2.1 For owner-occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowners association dues which allows a moderate, low income or very low income household to purchase a home while paying no more than thirty percent (30%) of their gross household income.

2.2.2 For rental or cooperative housing, a housing payment, inclusive of a reasonable allowance for heating, which allow a moderate, low income or very low income household to rent a unit while paying no more than thirty percent (30%) of their gross household income

2.3 “Area Median Income” means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development.

2.4 “Assisted Unit” means a housing unit that is Affordable because of assistance from the Trust Fund.

2.5 “Grants Supervisor” means the Crow Wing County HRA Executive Director, or his or her designee.

2.6 “HRA” means the Housing and Redevelopment Authority in and for the County of Crow Wing.

- 2.7 “Low Income” means gross household income that is at or below eighty percent (80%) of Area Median Income, but more than fifty percent (50%) of Area Median Income.
- 2.8 “Moderate Income” means gross household income that is at or below 115 percent (115%) of Area Median Income, but more than eighty percent (80%) of Area Median Income.
- 2.9 “Permanent Source of Funding” means once funds are allocated to the Trust those funds can only be expended for purposes outlined in section (4) of this document.
- 2.10 “Project” may mean a single family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
- 2.11 “Recipient” means any homeowner, for-profit, non-profit or local unit of government housing developer that receives funds in the form of a loan or a grant from the Trust Fund Account. A Recipient may be an individual, partnership, local unit of government, joint venture, limited liability company or partnership, association or corporation.
- 2.12 “Trust Fund” means the Crow Wing County Housing Trust Fund.
- 2.13 “Very Low Income” means gross household income that is at or below fifty percent (50%) of Area Median Income.
- 2.14 “Workforce Housing” means owner-occupied or rental housing units that are provided to households with at least one member per unit who is gainfully employed at the time of entry into the unit.

Section 3: TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS

- 3.1 A. There is also hereby established a Crow Wing County Trust Fund Account, to be maintained by the HRA. All funds received by the HRA on behalf of the Trust Fund shall be deposited in the Trust Fund Account. Principal and interest from loan repayments, and all other income from Trust Fund activities, shall be deposited in the Trust Fund Account. All interest earnings from the Trust Fund Account shall be reinvested and dedicated to the Trust Fund Account.
- 3.2 The Trust Fund shall consist of funds derived from the following, but not limited to:
- 3.2.1 Private cash contributions designated for the Trust Fund;
 - 3.2.2 Payments in lieu of participation in current or future Affordable housing programs;
 - 3.2.3 Grants or loans from the federal or state government;
 - 3.2.4 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
 - 3.2.5 Budgeted payments made by the HRA’s tax levy fund as approved by County Board.
 - 3.2.6 Employer based funds and matches.
 - 3.2.7 Other sources to be considered; local or regional utility companies, specific county departments, specific county program funds (revolving loan fund).
 - 3.2.8 Application Fees – Projects applying for funds.
- 3.3 The Trust Fund may consist of funds derived from any other source, including but not limited to the following:
- 3.3.1 Tax Increment returned to the County after decertification of a TIF district.

3.3.2 Any other appropriations as determined from time to time by action of the HRA or County Board.

Section 4: TRUST FUND DISTRIBUTIONS

4.1 The Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The Trust Fund shall be administered by the Grant Supervisor of the HRA. No disbursements over \$50,000 may be made from the Trust Fund Account without the prior approval of the HRA's Board of Commissioners.

4.2 Disbursements from the Trust Fund Account shall be made as loans or grants to assist Recipients in the creation of Assisted Units and administrative fees not to exceed 10 percent. Recipients may use the funds to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; preserving Affordable units; demolishing or converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units.

4.3 All projects exceeding \$50,000 considered for funding will be reviewed by the HRA staff, and the Executive Director shall submit staff comments and recommendations to the HRA's Board of Commissioners, prior to HRA action.

4.4 The HRA shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the County on the activities undertaken with funds from the Trust Fund. The report shall specify the number and types of units assisted, the amount loaned per Assisted Unit, the amount of state, federal and private funds leveraged, the geographic distribution of Assisted Units and a summary of statistical data relative to the incomes of assisted households, including their monthly rent or mortgage payments, and the sales prices of owner-occupied Assisted Units.

Section 5: TERM OF AFFORDABILITY

5.1 The minimum term of affordability for an Assisted Unit shall be fifteen (15) years. The HRA shall give preference to those projects that ensure that the Assisted Units remain Affordable for the longest period possible.

5.2 Assisted Units shall be deed-restricted to ensure long term affordability.

5.3 The HRA will enter into loan agreements with the Recipients of the Trust Fund monies. Each loan agreement will clearly state the conditions and requirements for the Recipient's use of Trust Fund monies, including the term of compliance, transfer or sale requirements and other requirements as specified.

5.4 In those cases where an Assisted Unit is sold or transferred prior to the expiration of the agreed-upon term, or where an Assisted Unit is no longer Affordable, the initial Recipient of assistance from the Trust Fund shall be obligated to repay to the Trust Fund the original amount of the loan or grant.

5.5 The HRA shall enforce all debt and lien instruments to the fullest extent of the law. The HRA may recommend debt settlement offers, if it is determined to be in the best interest of the Trust Fund.

Section 6: SEVERABILITY

6.1 If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

Section 7: EFFECTIVE DATE

7.1 This Ordinance shall be in effect from and after the date of its passage by the Crow Wing County Board of Commissioners and publication according to Minnesota Statutes.

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EXHIBIT B

CROW WING COUNTY HRA HOUSING TRUST FUND GUIDELINES

PROGRAM INTRODUCTION AND PURPOSE

The primary purpose of the Crow Wing County Housing Trust Fund (HTF) Program is to assist in financing the production and preservation/stabilization of affordable and mixed-income housing projects in Crow Wing County. The HTF shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the County. The HTF shall provide loans to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the acquisition, capital and soft costs necessary for the creation or rehabilitation of Affordable and Workforce Housing (both rental and owner-occupied). Projects funded by the HTF shall be dispersed throughout the County as funds are available.

HTF PROGRAM BASIS AND POLICY GUIDANCE

Managed by the Crow Wing County Housing & Redevelopment Authority (HRA), the HTF Program administration is guided primarily by the following documents:

- Minn. Stat. §462C.16 462C.16 Housing Trust Funds for Local Housing Development
- Ordinance Establishing a Housing Trust Fund in Crow Wing County (Ordinance No. 2001), effective 3/4/20

NEEDS AND PRIORITIES OF THE HTF

Target Population:

- Very Low Income: gross household income at or below 50% of Area Median Income (AMI), as determined by the US Dept. of HUD.
- Low Income: gross household income at or below 80% of AMI, but more than 50% of AMI.
- Moderate Income: gross household income at or below 115 percent (115%) of AMI, but more than 80% of AMI.

Housing Type Solutions:

Single- and multi-family new construction, single- and multi-family rehabilitation, ownership or down payment housing assistance—(such as condos, townhomes, or detached single-family houses).

PROGRAMS SUPPORTED BY THE HTF

1. Workforce Housing Assistance Program
2. Homebuyer Assistance Program
3. Rehabilitation Assistance Program
4. New Construction/Development Financing Program

1. WORKFORCE HOUSING ASSISTANCE PROGRAM

The program is designed to promote homeownership within Crow Wing County. The CWC HRA will match employer contributions up to \$5,000 towards the down payment or closing costs for the purchase of a home. The assistance is in the form of a grant or repayment of full amount will be due if any of the property requirements are not met. Qualified homebuyers will be served on a first-come, first-served basis.

Homebuyer Qualifications:

- Have a credit score of 640 or higher
- Be pre-approved with a lender
- Meet income limits (at or below 115% of AMI, as determined by the U.S. Department of Housing and Urban Development)
- Be purchasing a home to be used as their primary residence and located in Crow Wing County
- Have one member of household working at least 30 hours per week
- The borrower(s) is required to sign a Note and Mortgage in order to receive homebuyer assistance

Homebuyer Training: At least one household member must attend a Home Stretch (NSP approved) Homebuyer education course and provide the Crow Wing County HRA with a copy of the completion certificate. Courses can be located at: <https://www.hocmn.org/>

Processing Fees: There is a non-refundable processing fee of \$100 for all applicants due with submission of completed application. Applicants are also responsible for all filing fees at the courthouse and title search costs.

All wage earners over the age of 18 will have their income reviewed to determine household eligibility even if all members do not sign the mortgage. Households must initially be at or below the maximum income at time of closing; however, income will not be monitored after loan closing.

Property Requirements: The property must meet the requirements as noted below. Funding will be contingent upon the home passing inspection prior to closing. If any of the requirements below are in question, applicant must contact HRA staff.

Property Requirements:

- All properties must meet Section 8 Existing Housing Quality Standards; if a home inspection has been completed, it will meet this requirement as long as a copy of the inspection is provided to the HRA.
- House must be 'move-in' condition (no major construction or repairs needed prior to move-in).
- House must be primary residence of applicant(s) for five years.
- House must be located in Crow Wing County.
- House must be suitable size for family size.
- House must have an appraised value equal to or greater than all loans.

Priority:

- Applications will be processed in the order in which they were received.
- Applications will be funded as they are completed and approved.
- Applicants DO NOT need to be a first-time homebuyer to receive funding.
- Funding is subject to availability.

2. HOMEBUYER ASSISTANCE PROGRAM

The purpose of the program is to assist very low-, low and moderate-income families with the purchase of affordable housing in Crow Wing County. This program will provide financial assistance to households who have income at or below 115% of the AMI as determined by the U.S. Department of Housing and Urban Development. This program's intention is to empower Crow Wing County households who are on the cusp of homeownership but need financial assistance to secure a home loan from a lender. Eligible households can receive up to \$20,000 for homebuyer assistance based on need. The CWC HRA will fund a second mortgage in an amount equal to the difference between the maximum approvable mortgage (based on the buyer paying 30% or less of household income) and the purchase price of the home. The property being purchased with Homebuyer Assistance funds must be the buyer's primary residence.

The homebuyer assistance will act as a soft second loan at zero percent interest. This means that the borrower will not need to make monthly payments on this loan. The loan is not forgivable. It must be paid back by the homeowner upon the sale or transfer of the house, vacating the house as a primary residence, satisfaction of the primary mortgage, or at the expiration of the 30-year term.

The program is available on a first-come, first-served basis. Applicants are encouraged to apply for loans funded through Minnesota Housing Finance Agency (MHFA) Home Buyers Programs, the USDA Rural Development Housing programs, and HUD FHA programs. These programs are often available through local lenders or mortgage brokers.

All wage earners over the age of 18 will have their income reviewed to determine household eligibility even if all members do not sign the mortgage. Households must initially be at or below the maximum income at time of closing; however, income will not be monitored after loan closing.

Mortgage Qualification: Homebuyers shall have prior contact with a lender and secure their conditional approval for a mortgage. A letter from the lending institution is required and must state that your home mortgage application is accepted by the lender contingent on a homebuyer assistance that is at or below \$20,000.

Homebuyer Training: At least one household member must attend a Homebuyer education course and provide the Crow Wing County HRA with a copy of the completion certificate. Courses can be located at: <https://www.hocmn.org/>

Processing Fees: There is a non-refundable processing fee of \$100 for all applicants due with submission of completed application.. Applicants are also responsible for all filing fees at the courthouse and title search costs.

Purchase Agreement: Applicants must have a signed purchase agreement for the property. The property must meet the requirements as noted below. If the house is in question to any of the items below, the applicant should contact HRA staff before submitting an application. If applicable, the HRA will not inspect any houses until a purchase agreement is signed.

Property Requirements:

- All properties must meet Section 8 Existing Housing Quality Standards; if a home inspection has been completed, it will meet this requirement as long as a copy of the inspection is provided to the HRA.
- House must be 'move-in' condition (no major construction or repairs needed prior to move-in).
- House must be primary residence of applicant(s).
- House must be located in Crow Wing County.
- House must be suitable size for family size.
- House must have an appraised value equal to or greater than all loans.

Priority:

- Applications will be processed in the order in which they were received.
- Applications will be funded as they are completed and approved.
- Applicants DO NOT need to be a first time homebuyer to receive funding.
- Funding is subject to availability.

Household Contribution: Applicants must contribute a minimum of \$1,000 of their own funds toward the purchase of the home (earnest money can make up part or the entire requirement).

Loan Details:

- Interest Rate and Terms: The household's monthly house payment cannot exceed 30% of the gross income. The interest rate will be set at zero percent (0%) for the length of the term. The term is for 30 years or for as long as the original homebuyers own and reside in the home. Loan is due in full upon sale of the house, when it is no longer their primary residence, the primary mortgage is satisfied, or the end of the 30-year term.
- Lending Institutions: Borrowers may use the lending institution of their choice. Lending Institutions do not have to be located in Crow Wing County.

Homebuyer Qualifications:

- Have a credit score of 640 or higher
- Be pre-approved with a lender
- Meet income limits (at or below 115% of AMI, as determined by the U.S. Department of Housing and Urban Development)
- Be purchasing a home to be used as their primary residence and located in Crow Wing County
- Have one member of household working at least 30 hours per week
- The borrower(s) is required to sign a Note and Mortgage in order to receive homebuyer assistance

Other Borrower Requirements:

- At least one household member must be gainfully employed at the time of home purchase.
- Gainful employment is defined as an employment situation where the employee consistently works and receives payment from an employer at 30 hours per week or more.
- Borrower does not own other real estate, such as lakeshore property, farmland or residential property. The only exception is commercial property that generates income for payment of the house loan.

- Applicant does not have ample resources to make the loan without down payment assistance.
- Lender indicates the borrower will not receive the loan without down payment assistance.

Repayment Agreements: The borrower(s) is required to sign a Note, Mortgage, and Loan Agreement in order to receive homebuyer assistance. Assistance will be provided in the form of an interest-free loan payable upon sale or transfer of the property, or when the buyer no longer occupies the property as the principal residence. Full repayment of the principal is due upon the sale, maturity or other transfer of the property or when the buyer no longer occupies the property as the principal residence.

3. REHAB ASSISTANCE PROGRAM

The property must be located within Crow Wing County and meet one of the following:

- The residential unit does not meet HUD's Section 8 Housing Quality Standards.
- The residential unit does not meet applicable and current Minnesota State Building Code, Fire Code, Occupancy Codes, National Electrical Code, Uniform Mechanical and Plumbing Codes.
- The residential unit contains health and safety hazards.
- The residential unit lacks safe, reliable water supply or sanitary wastewater disposal.
- The residential unit does not meet Minnesota Energy Efficiency Standards.
- The residential unit does not allow its occupants to age in place.
- The residential unit fails to provide suitable shelter in some other obvious and apparent manner.

Below are examples of work items for which the rehabilitation dollars can be used. There will be no work funded through this program for strictly cosmetic purpose and for which the need described above cannot be documented.

- Furnaces or other heating systems
- Roof repair/replacement (shingles, soffit, fascia, damaged boards, etc.)
- Sewer or water repairs
- Foundation/structural Issues
- Energy efficiency improvements (doors, windows, siding, etc.)
- Lead abatement
- Handicap accessibility

Interested applicants will be taken on a first-come, first-served basis. All property taxes must be current prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the loan. There should be no tax liens or past-due assessments or judgments on the property. For properties built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance, if needed, will be performed at completion. The property owner will sign a Note Mortgage, and Loan Agreement for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. If lead is found to be present, lead-certified contractors will be used to perform all lead-related work. Lien waivers will be required for all work.

Owner-Occupied Rehab:

Applicants must occupy the property as their principal place of residence, shall reside in the home at time of application, and the property must be classified homestead. Previous recipients of program benefits are ineligible.

The maximum household income limits for owner occupied rehab is 115% of the AMI as determined by the U.S. Department of Housing and Urban Development.

A. Income Eligibility

- Annual income will be used to determine eligibility.
- Annual income will be based on current income.
- Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips
 - Business income for self-employed individuals
 - Rental or real estate income, including payments received from properties being sold on Contracts for Deed
 - Interest and dividends
 - Gains from the sale of property or securities
 - Estate or trust income
 - Pensions and annuities, including PERA, Social Security, VA benefits
 - Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.
- Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.
- Income will be based on the primary wage earners of household, thus excluding income from dependents.
- If the tenant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as –0– for eligibility purposes but will be deducted from other income sources for affordability.
- If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
- If tenant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
- If tenant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.

- B. **Verification of Income:** Written verification of all sources of income shall be required. Income verification shall be current (within 90 days of the initial housing inspection for the rehab program). The following are acceptable:

- Third-party income verifications
- Previous two years' tax returns
- Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
- Visual verification form signed by program administrator
- Copy of current savings passbook or certificate
- Other documentation as appropriate
- Combination of the above as needed to verify all income and assets

General Contractors: All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

The maximum HTF deferred loan amount extended to any homeowner occupied unit shall not exceed \$25,000. If the total cost of repairs exceeds the maximum loan limits, the applicant will be responsible to secure additional financing beyond the required matching leverage amount for the applicant's income. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with funding regulations and adopted housing standards. This is a 20-year, zero percent (0%) deferred loan. Full repayment of the principal is due upon the sale, maturity or other transfer of the property, when the owner no longer occupies the property as the principal residence, or the primary mortgage is refinanced and equity is taken out.

Rental Rehab:

- A. **Occupancy Requirements for Property to be Rehabilitated:** A minimum of 51% of the rental units must be occupied by tenants at or below 115% of AMI for Crow Wing County as determined by U.S. Department of Housing and Urban Development. Income of tenants must be verified and must remain throughout the term of the loan. Owner is responsible for certifying by April 30th of each year that at least 51% of the rental units are occupied by tenants at or below 115% of AMI for Crow Wing County as determined by U.S. Department of Housing and Urban Development.
- B. **Program Rent Limits:** All rental units must be within the fair market rent limits established for Crow Wing County by U.S. Department of Housing and Urban Development. Rents must stay within these limits for the repayment term of the program. Rent limits are adjusted annually by HUD and incremental annual rent increases are allowed with HRA approval as long as they do not exceed program rent limits.
- C. **Income Eligibility**
 - Annual income will be used to determine eligibility.
 - Annual income will be based on current income.
 - Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips
 - Business income for self-employed individuals
 - Rental or real estate income, including payments received from properties being sold on Contracts for Deed

- Interest and dividends
 - Gains from the sale of property or securities
 - Estate or trust income
 - Pensions and annuities, including PERA, Social Security, VA Benefits
 - Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.
 - Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.
 - Income will be based on the primary wage earners of household, thus excluding income from dependents.
 - If the tenant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as –0– for eligibility purposes but will be deducted from other income sources for affordability.
 - If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
 - If tenant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
 - If tenant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.
- D. **Verification of Income:** Written verification of all sources of income shall be required. Income verification shall be current (within 90 days of the initial housing inspection for the rehab program). The following are acceptable:
- Third-party income verifications
 - Previous two years' tax returns
 - Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
 - Visual verification form signed by program administrator
 - Copy of current savings passbook or certificate
 - Other documentation as appropriate
 - Combination of the above as needed to verify all income and assets
- E. **General Contractors:** All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.
- F. **Funding:** The maximum HTF deferred loan amount extended to any owner will be based on the following but shall not exceed those available in the HTF or 80% of the project costs, whichever is less.
- Single family rental rehab \$25,000
 - Multi-family rental rehab

- \$12,500 per unit if at least 51% of the units are leased to tenants with incomes at or below 115% but more than 80% of AMI.
- \$15,000 per unit if at least 51% of the units are leased to tenants with incomes at or below 80% but more than 50% of AMI.
- \$20,000 per unit if at least 51% of the units are leased to tenants with incomes at or below 50%.

If the total cost of repairs exceeds the maximum loan limits, the applicant will be responsible to secure additional financing beyond the required matching leverage amount. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with funding regulations and adopted housing standards. This is a 20-year loan term with zero percent (0%) interest and a deferred lump sum repayment of principal and interest. This means that the borrower will not need to make monthly payments on this loan. If affordability is maintained throughout the entire 20-year term the lump sum repayment will be reduced to 50% of the original principal amount. This loan is payable upon the sale or transfer of the property, the primary mortgage is refinanced and equity is taken out or upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the mortgage will be accelerated and the full balance of principal will become due immediately.

4. NEW DEVELOPMENT/REDEVELOPMENT FINANCING PROGRAM

Applicants must have sufficient experience and/or demonstrate sufficient capacity and training in housing development and management to successfully secure financing, construct, complete, and operate the proposed project. All HTF affordable housing projects shall be undertaken and completed by the developer (HTF applicant) and not other members of the development team. Applicants without the necessary experience must enter into joint venture agreements with experienced developers.

For projects proposed as limited partnerships, the CWC HRA reserves the right to approve the limited partnership agreement prior to any HTF loan award.

Projects proposed as a Joint Venture of eligible applicants shall comply with the following:

If the developer is a joint venture, the HTF Application or project will be assessed based on the experience of the “lead developer.” The “lead developer” is the entity that has the majority interest in the joint venture or partnership. In all joint ventures, a majority control must be held by the development entity meeting the CWC HRA’s approval. The CWC HRA will review and approve all joint venture agreements and decide which joint venture partner has the majority control in the management and operation of the joint venture.

If the proposed project includes a supportive services component designed for very low or extremely low-income families that need services linked to their housing in order to remain stable in the proposed housing project, the property management agent must also provide evidence of managing other housing projects with supportive services from any city or agency from which the agent received funding for providing comparable services.

Development projects that create and/or preserve affordable housing units are eligible to receive funding. The residential portions of mixed-use and live/work projects that meet the affordability

requirements of these guidelines shall be eligible for assistance. Funding may also be provided to assist in the creation of common areas, meeting space, and other space primarily for use by the residents of the assisted units, such as rooms to provide onsite medical or counseling services.

Activities eligible for funding include new construction, acquisition of property, conversion of non-residential to residential use, relocation, and rehabilitation costs.

All reasonable costs associated with acquisition for housing or mixed-use purposes and rehabilitation are eligible for funding. The purchase price of a property to be acquired shall not exceed its appraised value, unless the CWC HRA finds that the project has sufficient merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than 10 percent. Conversion to rental housing units shall include activities to make the building safe, decent, and sanitary and to abate lead concerns.

All reasonable costs associated with new construction eligible housing projects are eligible for funding.

Rental Housing Developments:

All applications for funding must meet the minimum requirements below. Applicants may propose to produce units with lower income or affordability ranges than prescribed herein. CWC HRA encourages projects that address chronic homelessness and/or housing for extremely low income households, or households whose income does not exceed 30% AMI.

All HTF-assisted rental units shall be occupied by households with incomes at or below the targeted income category, unless compliance with the federal, state, or local laws requires otherwise.

Priority will be given to the project with the greatest percentage of affordable units. At least 60% of all units in an eligible housing project must have rents as follows:

- Affordable to households whose income does not exceed 115% of Area Median Income (AMI);
- Not less than twenty percent (20%) of the affordable units must be affordable to households whose income does not exceed 80% of AMI.

Rents on the remaining 40% of the units may be set at market rate.

Affordability Term – Regulatory Period

All newly constructed or converted affordable rental housing units assisted through the HTF shall be affordable for a period of not less than 20 years from the date of project completion.

Homeownership Housing Developments:

Sale prices of affordable units must be set at a price affordable to households with incomes at 115% of AMI. For the purpose of setting a sales price, "affordable" shall be defined as housing costs including mortgage payments, property taxes, insurance, and Homeowner's Association dues (if applicable) that are no greater than 30% of gross income for a household at 115% of AMI.

Priority shall be made to first time homebuyers for affordable homeownership units.

All HTF-assisted homeownership units shall be sold to households with incomes at or below the targeted income category (at or below 115% of AMI) who agree to occupy the unit as their principal place of residence.

Development Loans (for Construction and/or Permanent Financing):

Construction and permanent financing will generally be provided in the form of a single development loan agreement if the project site has been acquired.

This is a 20-year loan term with 0% interest and a deferred lump sum repayment of principal. This means that the borrower will not need to make monthly payments on this loan. This loan is payable upon the sale or transfer of the property, the primary mortgage is refinanced and equity is taken out or upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the full balance of principal will become due immediately. Funding shall be no more than 100% of a project's total development cost. Borrower is required to sign a Note, Mortgage, and Loan Agreement in order to receive a development loan.

Development projects will be considered with respect to criteria established in the HTF ordinance and the following:

- Housing affordability
- Benefit the highest percentage of low-, very low-, and extremely low-income persons
- Provide the lowest rents
- Include a greater percentage of affordable units
- Maintain longer periods of affordability
- Housing linked with services for families and people with special needs including homeless people, disabled people, seniors and people with HIV/AIDS
- Maximizing accessibility for persons with disabilities
- Cost effectiveness of project including cost per square foot, cost per affordable unit, leveraging of other financing, other financing commitments, projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources. Projects that provide the greatest benefit per dollar of funds spent and projects that have other funding sources identified and committed.

The applicant must submit information on compliance with federal and state accessibility regulations related to housing. On all new developments, developers are encouraged to maximize accessibility by going beyond the minimum accessibility standards. In converted rental housing developments, developers are encouraged to include accessibility.

All assisted units in a mixed-income project shall be reasonably dispersed throughout the project, generally comparable to the unassisted units and shall have full access to common areas and facilities. Units designed to be accessible to disabled persons shall be dispersed in a manner similar to the assisted units.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Eric Charpentier, Executive Director
 Date: May 13th, 2025
 Re: Executive Director Report

Greater Minnesota Housing Infrastructure Grant Program

The Greater Minnesota Infrastructure Grant Program RFP was released on April 7th and has a due date of June 12th, 2025. Staff will be working on this grant request and response in conjunction with the City of Brainerd to hopefully secure funding for roadway infrastructure to support the Outlot E & F housing project that this board has pledged up to \$150,000 for. The funds that the Crow Wing County HRA has pledged will be used as match dollars invested in the project as well as the funding that the Brainerd HRA has pledged. After a preliminary review of the scoring and application it does appear that a project such as this, in Brainerd, will have a good opportunity to score well and we are hopeful that will translate into funding for this project. We will preliminarily be requesting \$235,000 in grant funding. I will be bringing this to the City Council at their May 19th meeting to get their approval to apply on their behalf. These funds would go to the City who would then work with Level Contracting on getting the roadway and infrastructure completed.

Action Requested: For discussion purposes only.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: May 8th, 2025
Re: Housing Trust Fund Report

Housing Trust Fund Outreach

Staff is actively seeking applicants for our housing trust fund. As we are working our way through our loan queue we will be reaching out to municipalities to remind them of our fund and encourage their Councils and staff to remind their residents about our program. John recently attended a council meeting in Pequot Lakes and we will be setting up additional meetings in the Eastern portion of the County to try and garner interest in rehab or development loans interest.

Action Requested: No action needed, for informational purposes only.

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Housing & Redevelopment Authority

To: Crow Wing County HRA Board Members
 From: John Schommer, Rehab & Maintenance Director
 Date: May 7, 2025
 Re: Programs Report

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	80	72	0	5
Serene Pines	24**	22	22	0	0
Dalmar Estates	7	7	7	0	0

* Originally 83 lots, 2 have been merged/combined into a single parcel

**Originally 23 lots, 1 was added

Action Requested: None, discussion items.

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