

SHARED APPRECIATION AGREEMENT

THIS AGREEMENT, entered into this ____ day of _____, 2014, by and between Northfield Housing and Redevelopment Authority, also known as Housing and Redevelopment Authority of the City of Northfield, Minnesota, a public body, corporate and politic under the laws of the State of Minnesota (“HRA”) and _____, a _____ person, (marital status) (“Owner” whether one or more).

RECITALS

A. Owner as Lessee, and Cannon River Community Land Trust, (“CRCLT”) as Lessor, entered into a Lease Agreement (“Lease”) dated _____ as memorialized by the Notice of Lease/Short Form Lease (“Notice of Lease”) dated _____, and recorded _____, as Document No. _____, in the office of the Rice County Recorder.

B. Owner is the owner of the buildings and improvements located on Lot ____, Block ____, in Maple Hills 2nd Addition, in the City of Northfield, Rice County, Minnesota (the “Property”).

C. Fee title to the Property was conveyed by CRCLT to HRA pursuant to Quit Claim Deed dated _____, and recorded _____, as Document No. _____, in the office of the Rice County Recorder.

D. CRCLT has assigned its interest as Lessor in the Lease to HRA pursuant to an Assignment of Lease dated _____, and recorded _____, as Document No. _____, in the office of the Rice County Recorder to HRA.

E. The Lease limits the Owner's ability to transfer the Owner's interest in the leased premises and improvements to only an Income-Qualified Person as defined in the Lease, and further provides for a shared appreciation of value between the Lessor and Lessee in the event of sale to an approved Income-Qualified Person.

F. Pursuant to the Lease, the Owner's purchase price for the improvements located on the Property ("Owner's Initial Purchase Price") as of the commencement of the Lease was \$_____.

G. The parties agree that on or about the date of the Owner's acquisition of the Improvements a market valuation of the leased premises and improvements was conducted by analysis and comparison of comparable properties as though the title to the leased premises and improvements were held in fee simple absolute, disregarding the restrictions of the Lease on the use of the leased premises and the transfer of the improvement. The parties agree that the appraised value of the leased premises and the improvements at the time of the Owner's purchase (the "Initial Appraised Value") was \$_____.

H. HRA and Owner, desire that the fee title to the Property be conveyed by HRA to Owner, and the Lease be terminated subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises, the covenants and restrictions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged the parties agree as follows:

1. Delivery of Title and Termination of Lease. Simultaneously with the execution of this Agreement HRA shall execute and deliver to Owner a Quit Claim Deed to the Property, a copy of which is attached hereto as Exhibit "A," and HRA and Owner shall enter into a Termination of the Lease, a copy of which is attached hereto as Exhibit "B".

2. Right to Share in Appreciation in Value. The conveyance of fee title from the HRA to Owner and the termination of the Lease, is expressly conditioned upon the Owner's grant to HRA of a legal right to share in any appreciation in the Property as hereinafter provided.

3. Calculation of Percentage of Shared Appreciation. The parties hereto agree that HRA's share of appreciation in the value of the Property, if any, shall be determined by utilizing the most previously published Rice County tax statement to determine the

value of the land, or the Owner may pay to have a third party conduct an official arms length appraisal of the property. This amount is the amount to be returned to the HRA after the mortgagor and closing costs have been paid, and prior to the seller paid a profit. The HRA will not require payment if the unit settles for less than the amount owed on the property.

4. Sale to Non-Related Party. Upon any disposition of all or any part of the Property or any beneficial interest in the Property to one or more persons where such person or persons are not a related party to the Owner as defined in 24 CFR Sec. 4001.07 the Owner hereby promises to pay to the order of HRA the land value of the property as determined by the most recently published Rice County tax statement and property valuation, appreciation being equivalent to the Net Sales Proceeds as defined below less the initial purchase price referred to above.

5. Calculation of Net Sales Proceeds. For purposes of this Agreement, "Net Sales Proceeds" shall be determined by subtracting the contract purchase price as set forth on any Purchase Agreement between Owner and any person or persons that are not related to the Owner, less real estate sale commissions consistent with the prevailing rate but not to exceed 6.00% of the contract sales price, less state deed tax customarily paid by the Seller, and less other actual, customary closing costs paid by the Seller but not to exceed 2.00% of the contract sales price.

6. Sale to a Related Party. In the event the Owner desires to sell all or any part of the Property or any beneficial interest in the Property to one or more persons where such person or persons are a related party to the Owner as defined in 24 CFR Sec. 4001.07, the parties hereby agree that HRA may, in its sole discretion, obtain an independent appraisal of the Property for the purposes of determining the gross sales price of the Property. If such appraisal is requested, the appraisal shall be conducted by a certified and independent appraiser, and thereafter the "Appraised Value" will be substituted for the contract purchase price. The parties further agree that the cost of the appraisal, if requested by HRA, shall be borne equally by the Owner and HRA.

7. Sales for Less Than Initial Appraised Value. The parties hereto agree that if the Net Sales Proceeds, or in the alternative upon sale to a related party the Appraised Value is less than the Initial Appraised Value, the Owner shall be entitled to recover the amount due to the Mortgagor, and any remaining Net Sales Proceeds up to the value of the land as reported on the most recently published Rice County tax and property valuation statement, or private third party appraisal paid for by the Owner, shall be paid to HRA.

8. Sales for Less Than Owner's Initial Purchase Price. The parties hereto agree that in the event that the contract purchase price, or the alternative the appraised value obtained in connection with the sale to a related party is equal to or less than the

Owner's Initial Purchase Price, then, in such event, Owner shall be entitled to recover the amount due to the Mortgagor, and any remaining Net Sales Proceeds up to the value of the land as reported on the most recently published Rice County tax and property valuation statement shall be paid to HRA. Should the Owner owe more to the Mortgagor than the sale of the unit, the HRA shall not receive any funds from the sale, nor will the HRA contribute financially to any party involved in the sale.

9. Transfer by Operation of Law. A transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety, a transfer where the spouse or children of the Owner become an owner of the Property, or a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse of the Owner becomes an owner of the Property or a transfer to an inter vivos trust in which the Owner is and remains a beneficiary, and which does not relate to a transfer of rights of occupancy in the Property, shall not be considered a sale to either a Related or Non-Related Party for the purposes of this Agreement provided, however, that such transferee(s) shall continue to be bound by this Shared Appreciation Agreement, and the HRA, shall be entitled to its share of appreciation in the Property upon sale of the Property by said transferee(s) to any person or persons pursuant to the terms of this Agreement.

10. Maintenance and Protection of Property. Owner shall not commit, or permit, any waste on, destruction to, or damage to the Property. Owner shall not allow the Property to deteriorate, reasonable wear and tear excepted. Owner shall at all times, maintain the Property. Owner shall comply with all applicable federal, state and local statutes, ordinances, codes, regulations, requirements and restrictive covenants, if any, upon the use of the Property. Owner shall, to the satisfaction of HRA, promptly repair or replace any of the Property damaged by fire or other casualty.

11. Occupancy, Preservation, Maintenance and Protection of the Property. Owner shall occupy, establish, and use the Property as Owner's principal residence upon execution of this Agreement and shall continue to occupy the Property as Owner's principal residence unless HRA determines that requirement will cause undue hardship for Owner or unless extenuating circumstances exist which are beyond Owner's control. Owner shall notify HRA of any extenuating circumstances. HRA may inspect the Property if the Property is vacant or abandoned. HRA may take reasonable action to protect and preserve such vacant or abandoned Property.

12. Successors and Assigns Bound. The covenants and agreements of this Agreement shall bind and benefit the successors and assigns of HRA. The covenants and agreements of Owner under this Agreement are not assignable without the prior express written consent of HRA. Owner's covenants and agreements shall be joint and several.

13. Modifications. This Agreement shall not be modified, amended, changed, discharged or terminated except by an express agreement in writing signed by the party against whom enforcement of such modification, amendment, change, discharge or termination is sought.

14. Notices. Any notice to Owner provided for in this Agreement shall be given by delivering it or by mailing it by First Class Mail. The notice shall be directed to the Property address or any other address Owner designates by notice to HRA. Any notice to HRA shall be given by First Class Mail to HRA attention Housing Manager, Northfield City Hall, 801 Washington Street, Northfield, Minnesota 55057, or any address HRA designates by notice to Owner. Any notice provided for in this Agreement shall be deemed to have been given to Owner or HRA when given as provided in this paragraph.

15. Governing Law; Severability. This Agreement shall be governed by the substantive laws of the State of Minnesota. In the event that any provision or clause of this Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Agreement which can be given effect without the conflicting provision. To this end the provisions of this Agreement are declared to be severable.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Owner:

Northfield Housing and Redevelopment
Authority, a/k/a Housing and
Redevelopment Authority of the City of
Northfield, Minnesota

By: _____

Its: _____

STATE OF MINNESOTA)
)ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this
_____ day of _____, 2013, by _____,
(marital status) as his/her their free act and deed.

Notary Public

STATE OF MINNESOTA)
)ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this
_____ day of _____, 2013, by _____, the _____
of Northfield Housing and Redevelopment Authority, a/k/a Housing and Redevelopment
Authority of the City of Northfield, Minnesota a public body, corporate and politic under
the laws of the State of Minnesota.

Notary Public

This Instrument was drafted by:
Dunlap & Seeger, P.A. (MEF)
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