

FIRST AMENDMENT
TO NRP CONTRACT NO. 43798
BETWEEN
CITY OF MINNEAPOLIS
AND
CENTER FOR ENERGY AND ENVIRONMENT

(COLUMBIA PARK: Home Improvement Program)

THIS AGREEMENT, entered into this 7th day of December, 2020, by and between the **City of Minneapolis**, a Minnesota municipal corporation, (herein called the "City") and the **Center for Energy and Environment**, a Minnesota nonprofit corporation (herein called "CEE").

WHEREAS, the City and CEE entered into that certain Contract No. 43798 dated May 24, 2018 (the "Agreement") for a Neighborhood Revitalization Program Action Plan Funds activity; and

WHEREAS, at the request of the Columbia Park Neighborhood Association on behalf of the Neighborhood, the City and CEE mutually agree to increase the Action Plan Contract Amount and the Total Contract Amount, to revise sections of the original contract language, and to revise the Program Guidelines, Budget, Scope of Services, and Disbursement Form.

NOW, THEREFORE, the parties hereto agree to amend the Agreement as follows:

1. Increase the Action Plan Contract Amount and the Total Contract Amount by \$55,154.20 to \$161,509.57.
2. Replace Section 1. ("DEFINITIONS: *Program Income*") from the Contract with: "DEFINITIONS: *Program Income* means any amounts received from payments or collections on NRP loans and interest earnings on any Program funds".
3. Replace Section 1. ("DEFINITIONS: *Revolving Fund*") from the Contract with: "DEFINITIONS: *Revolving Fund* means a separate, nonrisk, interest-bearing account at a bank or financial institution where all Program funds were previously deposited and within which all Program activities were previously accounted for".

4. Replace Section 1. (“DEFINITIONS: (c) *Contract Program Income*”) from the Contract with:
“DEFINITIONS: (c) *Contract Program Income* means the NRP Funds from Program Income earned under this Agreement that were received and were previously held by CEE and have been either returned or have been expended pursuant to the Agreement”.
5. Replace Section 4(f) (“PROGRAM ADMINISTRATION (f)”) from the Contract with:
“PROGRAM ADMINISTRATION (f): CEE shall obtain the written consent of the City prior to subcontracting any activities under this Agreement”.
6. Replace Section 4(i) (“PROGRAM ADMINISTRATION (i)”) from the Contract with:
“[DELETED]”.
7. Replace Section 6. (“REVOLVING FUND; PROGRAM INCOME”) from the Contract with:
“PROGRAM INCOME (principal and interest repayments) shall be collected by the City’s servicing organization in accordance with its agreement with the City of Minneapolis. If CEE receives any Program Income, it shall promptly pay the Program Income received to the City’s servicing organization”.
8. Revise and replace Exhibit A with Exhibit A1.
9. Revise and replace Exhibit B with Exhibit B1.
10. Revise and replace Exhibit C with Exhibit C1.
11. Revise and replace Exhibit E with Exhibit E1.
12. Add Exhibit I1.
13. All other terms and conditions of Agreement No. 43798 are unaltered hereby, shall remain in full force, and are hereby ratified and reaffirmed.

[This space intentionally left blank.]

IN WITNESS WHEREOF, the City and the CEE have duly executed this Agreement on, or as of, the date first written above.

NRP Approval:

DocuSigned by:
David Michael Rubedor
90FA82057F494D8...
NCR Director

CITY OF MINNEAPOLIS

DocuSigned by:
Pam Fernandez
02E06E87C1584F0...
By _____
____ Finance Officer
____ Assistant Director of Purchasing
____ City Purchasing Agent

Approved as to form:

DocuSigned by:
Bradley Cousins
18B29C56971E4F8...
Assistant City Attorney

Center for Energy and Environment

DocuSigned by:
Meranda Wacek 12/21/2020
By _____
188E60B4E08F41B...
Chief Financial Officer
Its _____
Taxpayer ID #41-1647799

Approved:

DocuSigned by:
Melody Devine 1/9/2021
27A6BD4F0F3A494...
Columbia Park Neighborhood Association
Its Co-Chair _____

PROGRAM GUIDELINES
(COLUMBIA PARK: Home Improvement Programs)

Home Improvement Loan

1. **Interest Rate:** 0%.
2. **Loan Amount:** Minimum of \$1,000; Maximum of \$10,000.
3. **Loan Term:** Up to 7 years. Generally, one year per \$1,000.
4. **Income Limit:** None.
5. **Eligible Properties:** Owner and Non-Owner Occupied 1-4 unit residential properties located within the boundaries of the Columbia Park Neighborhood. Individual condominiums, townhomes and properties held in a trust are eligible.
6. **Ineligible Properties:** Properties with more than 4 units, co-operatives, manufactured homes and properties used for commercial purposes.
7. **Eligible Borrowers:** Owners of 1-4 unit residential properties within the Columbia Park Neighborhood who meet the program guideline criteria
8. **Ineligible Borrowers:** Applicants with no ownership interest in the subject property and business entities.
9. **Debt to Income Ratio:** Applicants must have the ability to repay the loan. Applicants who have a debt to income ratio in excess of 55% will not be eligible for this loan program.
10. **Loan to Value Ratio:** The ratio of all loans secured by the property, including the new loan, must not exceed 110% of the property value.
11. **Eligible Improvements:** Exterior, major mechanical and energy improvements that include, but are not limited to:
 - Painting: siding, garages, trim
 - Stucco: repair, replace existing, or install new
 - Siding: repair, replace existing, or install new
 - Roof: repair, replace existing, or install new
 - Gutters: repair, replace existing, or install new
 - Doors/Windows: repair, replace existing, or install new
 - Insulation
 - HVAC
 - Garages: repair, replace existing, or install new

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- Driveways/Parking pads: repair, replace existing, or install new
 - Structural and foundation problems, including associated grading
 - Safety Lighting: repair, replace existing, or install new
 - Decks: repair or replace existing
 - Porches: repair or replace existing
 - Retaining Walls: repair, replace existing, or install new
 - Electrical: code compliance updates
 - Plumbing: code compliance updates
 - Health and safety related improvements (radon, mold, asbestos abatement)
12. **Ineligible Improvements:** Excluded projects include: items which could be considered interior cosmetic, recreational or luxury projects (swimming pools, hot tubs, Jacuzzis, saunas, gazebos, playground equipment, new fences), furniture, non-permanent (not built-in) appliances, alarm systems, or work initiated prior to the loan application being received by the program administrator (unless an emergency situation or approved by the neighborhood). Unless part of a larger project or needed to address a potential structural threat, fences, trees, shrubs and non-permanent landscaping are ineligible improvements. The program administrator's determination of ineligible work items shall be final. Any questions about whether an improvement is NRP eligible must be resolved by the City of Minneapolis.
13. **Underwriting / Credit Requirements:** Applicants must have acceptable credit history. Recipients generally may not have more than three "90 day late payments" for all accounts in the past 12 months (without reasonable explanation, or have had a bankruptcy within the last eighteen (18) months (without reasonable explanation). Borrowers must be current on housing payments and property taxes. CEE will approve or deny loan applications based on credit report, income verification and other program guideline criteria.
14. **Multiple Loans per Property/Borrower:** Multiple loans are allowed if the outstanding balance is within the maximum loan limit and existing loans have acceptable payment history.
15. **Bidding:** Except when labor is provided by the borrower, the borrower must provide a minimum of 1 bid for each improvement project less than or equal to \$15,000 and 2 bids for projects over \$15,000. All contractors must be properly licensed.
16. **Sweat Equity:** Permitted. Loan funds cannot be used to compensate for labor even if the owner is a licensed contractor, only for materials. Loan funds cannot be used for the purchase or rental of tools or equipment. Materials must be purchased and installed prior to the disbursement of loan proceeds. When applicable, a city permit must be obtained. For projects not requiring a permit, a CEE representative will verify the projects are complete. Only 1 material estimate is required.

Home Buyer Assistance Deferred Loan

1. **Interest Rate:** 0 %
2. **Amortization Type:** Deferred
3. **Loan Amount:** Up to \$5,000
4. **Term:** 10 years. If the borrower sells, transfers title or no longer occupies the property as their primary residence within 10 years of loan closing, 100% of the loan is due. If the borrower owns and occupies the property for 10 years, the loan is 100% forgiven.
5. **Eligible Properties:** 1-4 unit residential properties that are located with the geographical boundaries of the Columbia Park neighborhood. Townhomes, Condominiums and properties held in the name of a Trust are permitted.
6. **Ineligible Properties:** Ineligible properties include: Properties that are more than 4 units, Cooperatives, manufactured homes, new construction and properties used for commercial purposes.
7. **Eligible Borrowers:** All borrowers must be legally residing in the United States and may include: U.S. Citizens, Permanent Resident Aliens and Non-Permanent Aliens
8. **Ineligible Borrowers:** Ineligible borrowers include: Non-occupant co-borrowers, business entities, properties being purchased on a contract-for-deed, foreign nationals and borrowers without a Social Security Number.
9. **Ownership / Occupancy:** Owner Occupied only.
10. **Loan-to-Value:** Up to 110%
11. **Income Limit:** Loan applicants must have an adjusted gross income from the most recent tax return of less than 100% of HUD median income based on a household size. If a tax return is not required or filed the income will be determined by projected income for the next 12 months. This figure will be adjusted periodically to reflect the most current HUD income guidelines.
12. **Debt-to-Income Ratio:** N/A
13. **Multiple Loans per Property / Borrower:** Borrowers may only obtain one purchase assistance deferred loan from this program. If ownership changes, the new owner is eligible. If a previous recipient purchases a new qualifying home, they would be eligible again at that new property.
14. **Eligible Improvements:** These funds may only be used for down-payment or closing cost requirements related to the purchase of the property.

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15. **Ineligible Improvements:** N/A
16. **Sweat Equity / Homeowner Labor:** N/A
17. **Property Inspection:** Not Required.
18. **Post Installation:** N/A
19. **Contract / Permits:** N/A
20. **Bids:** N/A
21. **Work Completion:** N/A
22. **Underwriting:** Funds may be used toward the down-payment or closing costs required for the purchase of the home. Amount and approval of loan will be determined based on the 1st mortgage approval. In order to determine eligibility, CEE requires the following documentation:
 - 1) A CEE application
 - 2) A copy of the Purchase Agreement
 - 3) A copy of the Appraisal or determination of value
 - 4) A copy of the Title Commitment
 - 5) A copy of the 1st mortgage pre-approval/commitment letter
 - 6) A copy of the 1st mortgage preliminary Loan Estimate or Closing Disclosure
23. **Disbursement of Funds:** Funds will be disbursed to the Closing Agent, for the Benefit of the Borrower, in coordination with the purchase closing.
24. **Loan Servicing:** Community Reinvestment Fund (CRF)
25. **Loan Costs:** Borrowers will pay all mortgage filing fees and related closing costs. These fees must be paid at closing-they cannot be financed into the loan amount.
26. **Loan Security:** All loans will be secured by a Mortgage in the name of the City of Minneapolis.

Emergency Deferred Loan

1. **Interest Rate:** 0%
2. **Loan Amount:** Minimum loan is \$1,000. Maximum loan is \$5,000 within any time period.
3. **Loan term:** 10 years. If the borrower sells, no longer occupies or transfers title of the property within 10 years of loan closing 100% of the loan is due. If the borrower owns and occupies the property for 10 years the loan is 100% forgiven.
4. **Eligible Properties:** Owner-occupied properties with up to 4 dwelling units located within the boundaries of the Columbia Park Neighborhood. Condos and townhomes are eligible.
5. **Ineligible Properties:** Dwellings that are more than 4 units (these would be considered apartment and hence commercial properties), co-operatives, manufactured homes, time shares, and properties used for commercial purposes.
6. **Eligible Borrowers:** Owners of 1-4 unit properties within the Columbia Park Neighborhood who meet the program guideline criteria. The borrower must not be eligible for any other financing administered by CEE in order to obtain an Emergency Deferred Loan.
7. **Ineligible Borrowers:** Include but are not limited to: non-resident owners, non-occupant co-borrowers, properties held in the name of a trust.
8. **Ownership / Occupancy:** Only owner-occupied. Contracts-for-deed are evaluated on a case by case basis.
9. **Loan-to-Value Ratio:** N/A
10. **Income Limit:** Loan applicants must have an adjusted gross income from the most recent tax return of less than 80% of HUD median income based on a household size. If a tax return is not required or filed the income will be determined by projected income for the next 12 months. This figure will be adjusted periodically to reflect the most current HUD income guidelines.
11. **Debt-to-Income Ratio:** N/A
12. **Multiple Loans per Property/Borrower:** Multiple emergency loans are allowed if the balance is within the overall maximum loan limit.
13. **Eligible Improvements:** An emergency is defined as an imminent condition that makes a house uninhabitable, dangerous to the occupants, or is capable of causing severe health problems. Repairs that will remedy such emergency repairs are eligible. Examples of eligible repairs include, but are not limited to: water lines, sewer service, fire hazards, repair to exterior steps, railings,

EXHIBIT A1

retaining walls, water seepage into basement, structural problems, radon or asbestos mitigation or replacement of a furnace or hot water heater.

Repairs that remedy code violations and those needed to address home repairs before they significantly de-value the home and become much more serious problems, are also eligible whether or not the city has issued a code violation. Examples of eligible repairs include, but are not limited to, leakage around windows, rotting fascia, holes in siding, roof leakage, crumbling brick or concrete and deteriorated retaining walls. CEE will determine eligibility of projects.

14. **Ineligible Improvements:** Work initiated prior to the loan being approved and closed. Personal property items, including appliances, furniture, hot tubs, swimming pools, and other luxury items, exterior plumbing (e.g. sprinkler systems), non-permanent landscaping fixtures (e.g. potted plants, furniture, bird feeders), repairs to property used for business or trade purposes, refinancing existing indebtedness, and labor costs of borrowers and/or residents. CEE will refer to the CPNA whenever eligibility of an improvement project is questionable.
15. **Bidding:** Except when labor is provided by the borrower, the borrower must provide a minimum of 1 bid for each improvement project less than or equal to \$15,000 and 2 bids for each project more than \$15,000. All contractors must be properly licensed. Permits must be obtained when required by City ordinance.
16. **Sweat Equity:** Work can be performed on a “sweat equity” basis. Loan funds cannot be used to compensate for labor even if the owner is a licensed contractor, only for materials. Loan funds cannot be used for the purchase or rental of tools or equipment, only for materials. Materials must be purchased and installed prior to the disbursement of the loan proceeds. When applicable, a signed City Inspections Department permit must be obtained by the borrower. For projects not requiring a permit, a CEE representative will verify the project is complete. Only 1 material estimate is required for sweat equity projects.
17. **Property Inspection:** Required. Eligible improvements will be determined through an analysis of the emergency condition of the property. A CEE representative will perform the analysis to determine the severity of the situation.
18. **Post Installation Inspection:** Properties are subject to a post installation inspection by a CEE staff member when a permit is not required. Where a permit is required, the work must be signed-off by a City inspector prior to release of funds.
19. **Work Completion:** All work must be completed within 30 days of loan closing. Extensions may be granted by CEE.
20. **Underwriting Decision:** CEE will review the application and submitted documentation for consideration for other home improvement programs prior to considering the application for the Emergency Repair Loan Program. CEE will approve or deny loans based on income verification and other criteria. This is a last resort program. The borrower must not be eligible for any other financing administered by CEE in order to obtain an Emergency Repair Deferred loan. CEE’s decision shall be final.

21. **Prior Participation:** Recipients of previously funded Columbia Park revolving, deferred loans and/or emergency loans are eligible for Emergency Repair Loans.

Other General Program Conditions and Procedures

Application Processing: Applications will be processed on a first-come, first-served basis. All applications may be required to submit the following information:

- A completed application form and a copy of a current photo ID
- Copy of the most recent Federal Income Tax Return
- A copy of two most recent payroll statements and most recent W2
- A copy of applicant's most recent real estate tax statement.
- A signed Data Privacy Act Statement, USA Patriot Act Disclosure and Authorization to Release (provided by program administrator).
- Applicants will need to supply the program administrator with required bid(s) prior to time of loan closing
- Other documentation as requested

Work Completion: Weather permitting, all work must be completed within 120 days of the loan closing.

Custody of Funds: Loan funds will remain in the custody of the program administrator until payment for completed work.

Disbursement Process: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. In the event a permit is not required for the project, an inspection will be performed by the Program Administrator to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- Final bid or invoice from contractor (or materials list from supplier).
- Final inspection verification by CEE (if necessary).
- Completion certificate(s) signed by borrower and contractor.
- Lien waiver for entire cost of work.
- Evidence of abatement of any required city permit.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final bill exceeds the original loan amount, the borrower must obtain the additional funds. The borrower's funds must be paid into the project in advance of the NRP funds.

Contractors/Permits: Except when labor is to be provided by borrower, the borrower must provide a minimum of two bids for each improvement project. All contractors must be appropriately licensed. Permits must be obtained when required by city ordinance.

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Rehabilitation Consulting: A CEE representative will be available to borrowers at no cost to advise them about proposed projects prior to obtaining bids and can assist with a written project description for use in bidding projects. The representative will review all bids for reasonableness upon request.

Loan Costs: The origination fee for the loan will be paid from the Columbia Park NRP Home Improvement Program Administrative fund. Borrowers will pay all applicable closing fees (if applicable). Servicing costs will be paid from Program Income. Borrowers will be required to pay fees for making late payments and/or a fee for processing and/or handling any payments that are returned to the loan servicer due to insufficient funds.

Loan Security: All loans will be secured with a mortgage in favor of the City of Minneapolis.

BUDGET

(COLUMBIA PARK: Home Improvement Programs)

A. Sources of Funds

Contract Activity	Action Plan Citation	Action Plan Appropriation	Action Plan Program Income	Total
Original Encumbrance	PII A.1.A.1	67,440.90	17,378.53	84,819.43
Original Encumbrance	PII A.1.B.1	15,000.00	6,535.94	21,535.94
Amendment#1	PII A.1.A.1		30,154.20	30,154.20
Amendment#1	PIII 2.1.7.	25,000.00		25,000.00
Total		107,440.90	54,068.67	161,509.57

B. Uses of Funds**Program Capital****\$ 134,781.43**

Closed End Loans	\$	84,781.43
Purchase Assistance Deferred Loans	\$	30,000.00
Emergency Deferred Loans	\$	20,000.00

Program Administration**\$ 26,728.14**

Set Up Fee – contract	\$	1,500.00
Set Up Fee – new program	\$	500.00
Annual Fee (2017-2022)	\$	11,250.00
<i>\$2,500 / year</i>		
<i>2017-18 prorated at \$1,250</i>		
Origination Fees - Loans	\$	13,478.14

TOTAL**\$ 161,509.57**

C. Budget Notes

1. **Transferring funds** between or among Program Capital or Program Administration allocations in this Exhibit that do not change the Total Contract Amount must be approved by the Columbia Park Neighborhood Association (CPNA) and the City of Minneapolis.

2. **Administrative services** performed by CEE will be funded by this Agreement. CEE shall receive a one-time set-up fee of \$1,500 upon execution of this Agreement and \$2,500 per year for accounting and reporting. There shall be a one-time set-up fee of \$500 for each additional program added to the original contract. Additionally, CEE shall receive 10% of each NRP Loan amount (not to exceed \$1,500 per loan). The administrative fee will cover the following scope of activities:
 - Originating, underwriting and closing loans in accordance with all Federal and State regulatory compliance requirements, and per NRP program guidelines and available pool allocations.
 - Managing escrow loan funds and disbursing those proceeds according to program guidelines, including post-installation inspections (up to 3 disbursements per loan).
 - Residential Advisor Visits (1 per property) to assist property owners with project ideas, prioritization and review of bids, based on homeowner request.
 - Annual one-on-one review of program usage and change recommendations.
 - Monthly program activity reports.
 - Marketing support that includes:
 - a) Participation from CEE Lending Center staff at up to 2 neighborhood events.
 - b) Up to 10-hours annually of assistance with reviewing and preparing marketing materials (the cost of any actual printing/mailing/set-up is the responsibility of the neighborhood and is not included in the fee).
 - c) Promotion of programs on the CEE website.
 - d) Up to 100 printed program flyers for use by the neighborhood.

The annual fee is subject to change at any time with 30 days advance notice from CEE.

3. **Servicing** of the loans will be paid from program income (principal and interest repayments). Servicing will be performed by and be the responsibility of the City's servicing organization in accordance with its agreement with the City of Minneapolis.

SCOPE OF SERVICES

(COLUMBIA PARK: Home Improvement Programs)

Duties and Responsibilities of Columbia Park Neighborhood Association (CPNA):

1. Develop program guidelines and monitor implementation.
2. Market the program to Columbia Park neighborhood property owners.
3. As necessary, review scope of work appeals. Any questions on whether an improvement is NRP eligible must be resolved by the City of Minneapolis.
4. Monitor and verify all reports from CEE.
5. Evaluate program guidelines and performance of CEE.

Duties and Responsibilities of Center for Energy and Environment (CEE):

1. Assist CPNA with developing the program guidelines and then annual one-on-one review of program usage and change recommendations.
2. Support CPNA's marketing efforts.
3. Receive loan applications. Verify that property lies within the boundaries of the Columbia Park neighborhood.
4. Obtain a credit report on the applicant. Verify applicant is current on all mortgage and property tax payments.
5. Verify that applicant's LTV and DTI (when applicable) ratios do not exceed program requirements.
6. Approve or deny loans based on program guidelines. CEE shall provide written denial notices to applicants.
7. Close all loans and collect all necessary and binding closing documents. Loans will be secured with a Note and Mortgage.
8. File appropriate mortgage documents for all loans as required. Mortgage filing fees, title search, flood certification, credit reports and any applicable closing fees for loans will be paid by the borrower at the time of the loan closings.
9. Work with the City's servicing organization for prompt setup of loans. Fees for servicing will be paid for from program income (principal and interest repayments). Servicing will be performed by and be the responsibility of the City's servicing organization in accordance with its agreement with the City of Minneapolis.
10. Perform inspections of completed work as required according to the guidelines whenever a City of Minneapolis permit is not required for the project.
11. Manage the loan funds, and provide CPNA with monthly reports which include:
 - Beginning balance of fund

EXHIBIT C1

- Any additional funds received from the City of Minneapolis
 - # of Originations
 - Total value of Loans
 - Ending balance of fund
12. Submit other reports and information as may be requested by CPNA and the City of Minneapolis.
 13. Disburse NRP Loan Funds in accordance with program guidelines.

DISBURSEMENT REQUEST

(COLUMBIA PARK: Home Improvement Program)

Disbursement requests shall take the form of invoices submitted by CEE to the City. Each invoice shall include the following language certifying the truth and accuracy of the disbursement request:

The Undersigned, pursuant to that certain Neighborhood Revitalization Program Funding Agreement (Contract No. 43798, dated May 24, 2018) by and between the **City of Minneapolis** (the "City") and the **Center for Energy and Environment** (the "Contractor"), hereby certifies and requests as follows:

The Contractor requests the City to approve this Disbursement Request and make payment of the "Total" below. The Contractor certifies that the disbursements are for NRP Loans as defined in the Agreement. Attached are copies of each Borrower's Promissory Note for which funds are requested.

CONTRACTOR: Center for Energy and Environment

By: _____

Its: _____

EXHIBIT E1

INVOICE



212 Third Ave N, Suite 560
 Minneapolis, MN 55401

DATE	INVOICE NO.

BILL TO:

City of Minneapolis, CPED
 Re: Columbia Park NRP
 105 South 5th Avenue, Suite 200
 Minneapolis, MN 55401

TERMS	PROJECT #
Due on recpt	

ITEM	DESCRIPTION	QTY	RATE	CLASS	AMOUNT
	Columbia Park – Contract 43798 [Month] [Year] [PROGRAM] [Borrower Name] - [Property Address] - [Closed Date] ADMINISTRATIVE FEES [Detail] The Undersigned, pursuant to that certain Neighborhood Revitalization Program Funding Agreement (Contract No. 43798, dated May 24, 2018) by and between the City of Minneapolis (the "City") and the Center for Energy and Environment (the "Contractor"), hereby certifies and requests as follows: The Contractor requests the City to approve this Disbursement Request and make payment of the "Total" below. The Contractor certifies that the disbursements are for NRP Loans as defined in the Agreement. Attached are copies of each Borrower’s Promissory Note for which funds are requested. Certified by:				
Please contact Jim Hasnik (612-335-5885) if you have questions regarding this invoice.		TOTAL			

NRP DEFERRED NOTE

(COLUMBIA PARK: Home Improvement Programs)

\$

Minneapolis, Minnesota

_____, 20____

FOR VALUE RECEIVED, the undersigned (the "Borrower"), promises to pay to the order of the City of Minneapolis, a Minnesota municipal corporation under the laws of Minnesota (the "Lender"), or it assigns, the sum of _____, (the "Loan Funds") without interest. Said sum was made available to the Borrower under that certain Columbia Park Home Buyer Assistance Program for the Borrower to acquire the property at _____, Minneapolis, Minnesota (the "Residence").

1. The Loan Funds shall be repaid without interest as follows:
 - a) If the sale, assignment, conveyance, transfer, lease or termination of the Residence as the Borrower's principal place of residence occurs on or before the tenth (10th) anniversary of the date of this Note, the Borrower shall repay one hundred percent (100%) of the Loan.
2. If the Borrower has not sold, assigned, conveyed, transferred, leased or terminated occupancy of the Residence as Borrower's principal place of residence by the tenth (10th) anniversary of the date of this Note _____, the Borrower shall have no obligation to repay the Loan and this Note will be forgiven and shall terminate and become null and void.
3. This note is secured by a Mortgage (the "Mortgage") in favor of the Lender of even date herewith. Default under any of the covenants in the Mortgage shall constitute an event of default.
4. The Lender will charge the Borrower \$15.00 for each check or automatic payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.
5. The Borrower has the right to pay the debt evidenced by this Note, in whole or in part without charge or penalty, on the first day of the month. Lender shall accept prepayment on other days provided that the Borrower pays interest, if any, on the amount prepaid for the remainder of the month to the extent required by the Lender. If the Borrower makes a partial prepayment, there will be no changes in the due date or in the amounts of the monthly payment, if any, unless the Lender agrees in writing to those changes.
6. If suit is instituted by Lender, its successors or assigns, to recover on this Note, the undersigned agrees to pay all costs of such collection, including reasonable attorney's fees and court costs.
7. Demand, protest and notice of demand and protest are hereby waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

EXHIBIT I1

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

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of the day and year above first written.

BORROWER:
