



Agenda
Minnetonka Economic Development Authority
Monday, May 10, 2021
Following the regular meeting
WebEx

1. Call to Order
2. Roll Call: Schack-Carter-Calvert-Schaeppi-Coakley-Kirk-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. April 26, 2021 EDA meeting
5. Business Items:
 - A. Applewood Pointe Cooperative at 12201 Minnetonka Blvd

Recommendation: Adopt the resolution approving a remedy for noncompliance by Applewood Pointe Cooperative of Minnetonka (4 votes)
6. Adjourn

**Minutes
Minnetonka Economic Development Authority
Monday, April 26, 2021**

1. Call to Order

Wiersum called the meeting to order at 11:16 p.m.

2. Roll Call

Commissioners Brian Kirk, Rebecca Schack, Deb Calvert, Bradley Schaeppi, Kissy Coakley and President Brad Wiersum were present.

Commissioner Susan Carter was excused from the meeting.

3. Approval of Agenda

Kirk moved, Coakley seconded a motion to accept the agenda, as presented.

All voted "yes." Motion carried.

4. Approval of Minutes:

A. March 8, 2021 EDA meeting

Kirk moved, Calvert seconded a motion to accept the minutes, as presented.

All voted "yes." Motion carried.

5. Business Items:

A. Items concerning the Opus Tax Increment Financing District:

- 1) Resolution approving a tax increment financing plan for the Opus Business Park Tax Increment Financing District and a modified development program for Development District No. 1**
- 2) Resolution authorizing interfund loan for advance of certain costs in connection with the Opus Business Park Tax Increment Financing District to be created within Development District No. 1**

Community Development Director Julie Wischnack stated the information presented at the preceding council meeting during item 13C applies to this item. She noted the Economic Development Authority is being asked to approve two resolutions. The first resolution takes the same action as was taken at the preceding city council meeting, and the second resolution authorizes a related interfund loan. She welcomed questions from the commissioners.

Schack moved, Kirk seconded a motion to adopt EDA Res. 2021-006 and EDA Res. 2021-007

All voted "yes." Motion carried.

6. Adjournment

Calvert moved, Kirk seconded a motion to adjourn the meeting at 11:21 p.m.

All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk



**EDA Agenda Item 5A
Meeting of May 10, 2021**

Title: Applewood Pointe Cooperative at 12201 Minnetonka Blvd
Report From: Alisha Gray, Economic Development and Housing Manager
Submitted through: Geralyn Barone, Executive Director
Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

This item is a remedy action for Applewood Pointe unit 205.

Recommended Action

Adopt the resolution approving a remedy for noncompliance by Applewood Pointe Cooperative of Minnetonka.

Strategic Profile Relatability

- | | |
|--|---|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Resources | <input type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input type="checkbox"/> Community Inclusiveness |
| <input checked="" type="checkbox"/> N/A | |

Statement:

Financial Consideration

- Is there a financial consideration? No Yes [Enter estimated or exact dollar amount]
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other Remedy proposed for past

owner at the cooperative.

Statement: N/A

Background

In Nov. 2015, the EDA entered into a Contract for Private Development and Declaration of Restrictive Covenants with Applewood Pointe Cooperative for the housing project located at

12201 Minnetonka Boulevard. This was the first opportunity the city had to create affordability in a cooperative homeownership model. The agreement set out that nine of the 87 units would be income and sales price restricted for the initial sale. The Declaration of Restrictive Covenants between the developer and the EDA outlined the requirements for the initial and future sales of the nine restricted units.

All nine units restricted by income and price limitations were properly transferred at the price of \$235,000 and sold to people with a household income that did not exceed 90% of metro area median income.

The declaration required that if the cooperative purchased shares of a unit and conveyed the unit to another party, it was required to sell the shares at a certain value, plus an annual compounded interest of 2%. There are no restrictions on the price of shares for units sold by the owner of the shares.

In 2020, staff was informed that one of the units mistakenly sold for more than the allowable sales price and was not aligned with the provisions outlined in the Declaration of Restrictive Covenants. Staff contacted Applewood Pointe Cooperative to discuss a remedy for the unit that sold above the allowable amount. Applewood Pointe is cooperating and has agreed to remedy the situation. Additionally, staff is assisting Applewood Pointe with additional instructional materials to assist the cooperative with determining procedures for future sales. For the EDA's knowledge, cooperatives are sold by shares and are not typical real estate transactions that are tracked through the filing of certificates of real value.

Unit 205 Remedy

The proposed remedy relates to unit 205, which has sold three times since the building was constructed. The restricted unit initially sold for \$235,000 in 2016, which was the allowable initial sales price of the affordable unit to an appropriately qualified homeowner. Following that sale, future sales were to have complied with the declaration, which limited the sales price to subsequent buyers when purchased back by the cooperative (2% growth per year). The next sale that occurred was between the cooperative and Susan and John Byrnes for \$281,722, which was more than the allowable sales price under the affordable housing covenant. The subsequent sale between Sue and John Byrnes to Keith and Judy Sorvari on Jan. 30, 2020, was a private transaction. The sale between the Byrnes' and Sorvari's was not in violation as it was a sale in which the cooperative did not buy back the unit.

As a remedy to the violation, the cooperative has agreed to reimburse the Byrnes' following the sale of the Sorvaris' unit, \$235,000 plus annual compounded interest at the date of sale. The cooperative will adjust the sales price for unit 205 to the appropriate price outlined to align with the other affordable units for subsequent sales. The attached resolution approves the remedy and allows staff to deliver the letter to Applewood Pointe Cooperative.



14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | minnetonkamn.gov

May __, 2021

Board of Directors
Applewood Pointe Cooperative of Minnetonka
12201 Minnetonka Blvd
Minnetonka, MN 55305

Re: Contract for Private Development and Affordable Units

To the Board of Directors of Applewood Pointe Cooperative of Minnetonka,

The Applewood Pointe Cooperative of Minnetonka, a Minnesota cooperative corporation (the “Cooperative” or the “Owner”) entered into a Contract for Private Development, dated November 2, 2015 (the “Contract”), with the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “EDA”) and United Properties Residential LLC (the “Developer”). The Cooperative also executed a Declaration of Restrictive Covenants, dated November 2, 2015 (the “Declaration”), with the EDA and the Developer. Both the Contract and the Declaration were amended by the Master Amendment Agreement, dated November 23, 2015 (the “Master Amendment”), between the Cooperative, the Developer, and the EDA. All capitalized terms used herein are defined in the Contract or Declaration. Please see excerpts of the relevant sections of the Contract set forth in EXHIBIT A and relevant sections of the Declaration set forth in EXHIBIT B.

Transfer Restrictions for Affordable Dwelling Units

The Contract and Declaration require ongoing affordability for nine units. It is our understanding that units 105, 109, 205, 209, 305, 309, 405, 409, and 415 were initially sold as “Affordable Dwelling Units.” Pursuant to Section 4.5 (Affordable Housing Covenants) of the Contract and Section 5 (Project Future Transfer Restrictions) of the Declaration, if the Cooperative purchases the Membership of a deceased or departing Member living in an Affordable Dwelling Unit, the Cooperative must comply with the requirements set forth below.

- Pursuant to the Cooperative’s Bylaws, the Cooperative may choose to purchase the Membership of a deceased or departing Member, together with all of the Member’s rights with respect to the appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any Deductions. “Transfer Value” is the purchase price paid for the Membership being transferred, plus (i) Annual Compounded Interest accrued through the period of the transferring Member’s ownership; plus (ii) the sum of the cost of Approved Upgrades (as defined above), if any, installed by the initial Member in the subject Dwelling Unit, less the sum of certain deductions (as described in the Declaration and the Cooperative’s Bylaws). The maximum amount of Annual Compounded Interest that may accrue each year is set forth in EXHIBIT C.
- If the Cooperative exercises its purchase option related to the Membership related to an Affordable Dwelling Unit, the Cooperative shall give preference to any applicants on any then existing Cooperative waiting list whose household income does not exceed ninety percent (90%) of the Metro Area median income for the calendar year in which the purchase is occurring, subject to the provisions of Article 3.10(f) of the Cooperative’s Bylaws, which address a family member’s priority right on any waiting list.

- In no event shall the Cooperative, if exercising its option to purchase the Membership of a deceased or departing Member, to which an Affordable Housing Unit is appurtenant pay a purchase price that exceeds the Membership's Transfer Value.

Unit 205

As we have discussed via email, the City is aware that the Cooperative had difficulty understanding Section 4.5 (Affordable Housing Covenants) of the Contract and Section 5 (Project Future Transfer Restrictions) of the Declaration. Based on an incorrect interpretation of the Contract, the Cooperative mistakenly sold Unit 205 for an amount that was more than what was allowed by the Contract.

Unit 205 has been sold three times. Unit 205 was originally sold for a price of \$235,000 to Karen Johnson on March 1, 2016. The Membership shares for unit 205 were purchased by the Cooperative and the Cooperative sold unit 205 on March 29, 2019 to Susan and John Byrnes. At the time of the sale to the Byrnes, the cooperative Membership value was noted as \$281,722, which was significantly more than allowed under the Contract and Declaration. Sue and John Byrnes sold unit 205 directly to Keith and Judy Sorvari on January 30, 2020.

In order to remedy this situation, the Cooperative has proposed that when Keith and Judy Sorvari sell their share, the Cooperative would pay the amount it received from its sale to Sue and John Byrnes above the proper amount (\$235,000, plus Annual Compounded Interest to the date of the sale to the Byrnes') so that Keith and Judy Sorvari are paid appropriately for the membership shares they purchased and then the Cooperative will drop the sale price of unit 205 to the appropriate price (\$235,000, plus Annual Compounded Interest) to align with the other affordable units.

Please contact me with any questions at 952-939-8282.

Sincerely,

Julie Wischnack
Community Development Director
City of Minnetonka

EXHIBIT A

EXCERPT FROM CONTRACT

Section 4.5. Affordable Housing Covenants. The Developer and the Owner covenant to make at least 10% of the cooperative Housing Units constructed on the Development Property "affordable."

(a) Nine cooperative Housing Units (the "Affordable Housing Units") must be initially sold (as a membership interest in the cooperative) to owner-occupants with household income not to exceed 90% of the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area") median income for the calendar year in which such Affordable Housing Unit is initially sold (as a membership interest in the cooperative), for a purchase price of no more than \$235,000. The Affordable Housing Units will have at least one bedroom and will be at least 1,025 square feet in size. Each owner-occupant of the Affordable Housing Units will be required to pay a pro rata share of ongoing operating expenses of the cooperative. Future transfers of the Affordable Housing Units (or the membership interests in the cooperative representing the Affordable Housing Units) will be in compliance with the provisions of the Declaration of Restrictive Covenants, which are attached hereto as SCHEDULE D and are incorporated herein by reference.

(b) Upon or before closing on the initial sale of each membership interest to which an Affordable Housing Unit is appurtenant, the Developer shall deliver or cause to be delivered written evidence satisfactory to the Authority of compliance with the covenants in this Section 4.5, as provided in the Declaration of Restrictive Covenants.

(c) The Authority and its representatives shall have the right at all reasonable times while the covenants in this Section 4.5 are in effect, after reasonable notice to inspect, examine and copy all books and records of the Developer and its successors and assigns relating to the covenants described in this Section.

(d) The Developer and the Owner shall execute the Declaration of Restrictive Covenants before the Developer obtains the financing described in Article VII, and in any event, not later than December 31, 2015. Failure to enter into, record or comply with the Declaration of Restrictive Covenants in accordance with this Section shall be an Event of Default hereunder. If the Developer or the Owner fails to comply with this Article IV or with the covenants of the Declaration of Restrictive Covenants, the Developer and the Owner shall reimburse the Authority for any reasonable attorney fees incurred by the Authority in an effort to gain the Developer's or the Owner's compliance with this Article IV or with the covenants of the Declaration of Restrictive Covenants.

EXHIBIT B

EXCERPTS FROM DECLARATION

Selected Definitions:

“Affordable Housing Unit” “Affordable Dwelling Unit” has the meaning set forth in Section 4 hereof.

“Annual Compounded Interest” means an amount, computed on the basis of 2.0% of the Initial Dwelling Unit Value of the Dwelling Unit being transferred, compounded annually, commencing on the construction commencement date and as of each successive annual anniversary thereof (such period being the “Annual Calculation Period”) through and including the annual anniversary date in the year in which the transfer occurs. If the transfer occurs other than on an annual anniversary date, the amount of the Annual Calculation Period shall be prorated between the departing Member and the incoming Member based on the number of days elapsed therein to the date of transfer.

“Initial Dwelling Unit Value” means the initial estimated value of a Dwelling Unit in the Cooperative that will be appurtenant to a Member’s Membership Interest and is based upon the proportionate share of the master mortgage and other carrying charges allocated to that Dwelling Unit. Initial Dwelling Unit Value does not correlate exactly to a purchase price as is the case in a single family home or condominium. Initial Dwelling Unit Value is used to provide an estimate of the cost to deliver the dwelling unit to the initial Member and occupant of the Dwelling Unit and is a benchmark for determining annual appreciation of the Unit. The Initial Dwelling Unit Value may be more or less than the sum of down payments made plus the mortgage amount allocated to the Unit. The Cooperative has the option but not the obligation to purchase the Membership of a deceased departing Member, together with all of the Member’s rights with respect to his/her appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any applicable deductions. If the Cooperative elects not to exercise its option, the departing Member (or, in the case of a Membership terminated for cause, under the Cooperative’s Bylaws and the Member’s Occupancy Agreement, the Cooperative) may sell the Member’s Membership and right of occupancy to a purchaser approved by the Cooperative, for such purchase price as is agreed upon by the departing member (or in the case of a Membership terminated for cause under the Cooperative’s Bylaws and the Member’s Occupancy Agreement, the Cooperative) and the purchaser.

“Member” means any person approved for Membership pursuant to the Cooperative’s bylaws who holds a Membership interest in the Cooperative. Members are also referred to herein as “owner-occupants.”

“Membership” means an ownership interest in the Cooperative entitling the Member to exclusive possession of a Dwelling Unit pursuant to the Member’s Occupancy Agreement. A Membership Certificate evidences the ownership interest of the Member in the Cooperative. The authorized Membership of the Cooperative will consist of Memberships of one class of Members, and in a number equal to the number of Dwelling Units constructed and available for occupancy. One Membership will be issued by the Cooperative for each Dwelling Unit in the Project, such that the number of Memberships outstanding at all times will be equal to the number of Dwelling Units in the Project. A Membership Certificate will evidence the ownership interest of each Member in the Cooperative.

“Transfer” means the sale, or transfer of a Membership interest in the Cooperative, together with the associated right to exclusive possession of an appurtenant Dwelling Unit

“Transfer Value” means the Purchase Price paid for the Membership being transferred, plus (i) Annual Compounded Interest accrued through the period of the transferring Member’s ownership; plus (ii) the sum of the cost of Approved Upgrades (as defined above), if any, installed by the initial Member in the subject Dwelling Unit, less the sum of certain deductions set forth

above and in the Cooperative's Bylaws, such as expenses incurred by the Cooperative in processing the transfer, possible refurbishing costs, any amounts owed to the Cooperative by the departing Member pursuant to the Member's Occupancy Agreement, or otherwise.

Section 4. Project Initial Purchase Restrictions. Nine (9) Dwelling Units within the Project (the "Affordable Housing Units") shall be subject to the following covenants and restrictions:

(a) Each Affordable Dwelling Unit shall have at least one bedroom and shall be at least 1,025 square feet.

(b) The initial Membership with an appurtenant right to occupy an Affordable Dwelling Unit shall have household income not to exceed ninety percent (90%) of the Metro Area median income for the calendar year in which the initial Membership is issued. Following the Authority's issuance of a Certificate of Compliance, as set forth in Exhibit C, attached hereto, the Member will not thereafter be required to recertify as to household income during the duration of that Member's Membership Interest in the Cooperative.

(c) Each Affordable Dwelling Unit shall have an initial dwelling unit value that does not exceed \$235,000. It is understood and agreed by the parties that the prorated carrying charges of the Cooperative shall be paid by each Membership, including the Member-occupants of the Affordable Dwelling Units.

Section 5. Project Future Transfer Restrictions. Following the issuance of an initial Membership with appurtenant right to occupy an Affordable Dwelling Unit, subsequent transfers of Membership with appurtenant rights to occupy the Affordable Dwelling Unit will not be restricted by income level. However, pursuant to the Bylaws of the Cooperative, the Cooperative will have the option but not the obligation for a period of sixty (60) days commencing the first (1st) day of the calendar month following its receipt of notice that the Member desires to transfer his or her Membership, to purchase the Membership of a deceased or departing Member, together with all of the Member's rights with respect to the appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any Deductions. If the Cooperative exercises its Purchase option, the Cooperative shall give preference to any applicants on any then existing Cooperative waiting list whose household income does not exceed ninety percent (90%) of the Metro Area median income for the calendar year in which the purchase is occurring, subject to the provisions of Article 3.10(f) of the Cooperative's Bylaws, which address a family member's priority right on any waiting list. In no event shall the Cooperative, if exercising its option to purchase the Membership of a deceased or departing Member, to which an Affordable Housing Unit is appurtenant pay a purchase price that exceeds the Membership's transfer value.

EXHIBIT C

CALCULATION OF ANNUAL COMPOUNDED INTEREST

City of Minnetonka

Applewood Pointe Sr. Cooperative Affordable Unit Maximum Sales Price

Year	Purchase Price	Annual Compounded Interest (2%)	Maximum Sales Price (Per Year)
2015	\$235,000	\$4,700	\$239,700
2016	\$239,700	\$4,794	\$244,494
2017	\$244,494	\$4,890	\$249,384
2018	\$249,384	\$4,988	\$254,372
2019	\$254,372	\$5,087	\$259,459
2020	\$259,459	\$5,189	\$264,648
2021	\$264,648	\$5,293	\$269,941
2022	\$269,941	\$5,399	\$275,340
2023	\$275,340	\$5,507	\$280,847
2024	\$280,847	\$5,617	\$286,464
2025	\$286,464	\$5,729	\$292,193
2026	\$292,193	\$5,844	\$298,037
2027	\$298,037	\$5,961	\$303,998
2028	\$303,998	\$6,080	\$310,078
2029	\$310,078	\$6,202	\$316,279
2030	\$316,279	\$6,326	\$322,605
2031	\$322,605	\$6,452	\$329,057
2032	\$329,057	\$6,581	\$335,638
2033	\$335,638	\$6,713	\$342,351
2034	\$342,351	\$6,847	\$349,198
2035	\$349,198	\$6,984	\$356,182
2036	\$356,182	\$7,124	\$363,305
2037	\$363,305	\$7,266	\$370,571
2038	\$370,571	\$7,411	\$377,983
2039	\$377,983	\$7,560	\$385,542
2040	\$385,542	\$7,711	\$393,253
2041	\$393,253	\$7,865	\$401,118
2042	\$401,118	\$8,022	\$409,141
2043	\$409,141	\$8,183	\$417,324
2044	\$417,324	N/A	N/A

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement") dated as of November 2, 2015, by UNITED PROPERTIES RESIDENTIAL LLC, a Minnesota limited liability company (the "Developer") and APPLEWOOD POINTE COOPERATIVE OF MINNETONKA, a Minnesota cooperative corporation, its successors and assigns (the "Cooperative") is given to the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the "Authority").

RECITALS

WHEREAS, the Authority and the Developer, in its capacity as Managing Agent for the Cooperative, have entered into that certain Contract for Private Development, dated November 2, 2015 (the "Contract"), pursuant to which the Developer, in its capacity as Managing Agent for the Cooperative, shall be constructing 89 cooperative housing units on certain property described in Exhibit A attached hereto (the "Property") and in compliance with certain affordability covenants described in Section 4.5 of the Contract, all in consideration of certain tax increment financing assistance provided by the Authority to the Developer, in its capacity as Managing Agent for the Cooperative, as described in the Contract; and

WHEREAS, Section 4.5(d) of the Contract requires that, prior to obtaining the financing described in Article VII of the Contract, and in any event, not later than December 31, 2015, the Developer, in its capacity as Managing Agent for the Cooperative, shall cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 4.5 of the Contract; and

WHEREAS, in the event the Project (as defined herein) is converted from cooperative housing to a building with for-sale condominiums or a rental building, Section 4.6 of the Contract requires that the Developer reflect the covenants set forth therein; and

WHEREAS, the Developer and Cooperative intend, declare, and covenant that the restrictive covenants set forth herein shall be and are covenants running with the Property for the

term described herein and binding upon all subsequent owners of the Property for such term, and are not merely personal covenants of the Developer and the Cooperative.

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 Developer and Cooperative agree as follows:

Section 1. Definitions. In this Agreement, unless a different meaning appears from the context:

“Affordable Housing Unit” has the meaning set forth in Section 4 hereof.

“Annual Compounded Interest” means an amount, computed on the basis of 2.0% of the Initial Dwelling Unit Value of the Dwelling Unit being transferred, compounded annually, commencing on the construction commencement date and as of each successive annual anniversary thereof (such period being the “Annual Calculation Period”) through and including the annual anniversary date in the year in which the transfer occurs. If the transfer occurs other than on an annual anniversary date, the amount of the Annual Calculation Period shall be prorated between the departing Member and the incoming Member based on the number of days elapsed therein to the date of transfer.

“Approved Upgrades” refers to the excess cost of the following items selected by the Member from the Cooperative’s Approved Upgrades schedule over the cost allowances for the standards of such items as set forth in the building plans and specifications: hardwood flooring and tile flooring (not including carpeting); fireplaces; and cabinetry, countertops, sinks and faucets, ceiling fans and kitchen and laundry room appliances, and interior Dwelling Unit doors and millwork.

“Carrying Charges” means the proportionate monthly charges payable by each Member to the Cooperative, pursuant to the terms of his/her Occupancy Agreement, to cover the Cooperative’s operating expenses, real estate taxes, deposits to the replacement and general operating reserves, and mortgage debt service.

“Cooperative” means Applewood Pointe Cooperative of Minnetonka, a Minnesota cooperative corporation which has been created pursuant to Chapter 308A of the laws of the State of Minnesota and Section 515B.3-101 of the Act, whose Members consist of all owners of Membership interests in the Cooperative.

“Deductions” means the following items that may be used to reduce a Dwelling Unit’s Transfer Value:

- (i) Such expenses and costs incurred by the Cooperative in processing the transfer, as such costs and expenses are provided for in the then applicable policies of the Cooperative.

- (ii) The cost or estimated cost of such refurbishing, repairs and replacements as are deemed necessary by the Cooperative to place the Dwelling Unit in suitable condition for occupancy by another Member.
- (iii) Any liens or encumbrances on the Membership and Dwelling Unit which are not satisfied by the departing Member prior to closing the transfer. Any such unsatisfied lien or encumbrance shall be satisfied if the amount thereof does not exceed the Transfer Value calculation prior to deduction of this line item. The balance of the Transfer Value proceeds then remaining, if any, shall be paid to the departing Member. If the amount of the lien or encumbrance exceeds the Transfer Value calculation prior to such deduction, the Cooperative shall withhold payment of the Transfer Value until the Cooperative has received joint written instructions from the Member and the secured party or creditor as to the disposition of the Transfer Value proceeds, or until the Cooperative is served with a court order directing the Cooperative to dispose of such proceeds and the time to appeal from such order has expired.

“Dwelling Unit” means an individual residential apartment in the Project

“Initial Dwelling Unit Value” means the initial estimated value of a Dwelling Unit in the Cooperative that will be appurtenant to a Member’s Membership Interest and is based upon the proportionate share of the master mortgage and other carrying charges allocated to that Dwelling Unit. Initial Dwelling Unit Value does not correlate exactly to a purchase price as is the case in a single family home or condominium. Initial Dwelling Unit Value is used to provide an estimate of the cost to deliver the dwelling unit to the initial Member and occupant of the Dwelling Unit and is a benchmark for determining annual appreciation of the Unit. The Initial Dwelling Unit Value may be more or less than the sum of down payments made plus the mortgage amount allocated to the Unit. The Cooperative has the option but not the obligation to purchase the Membership of a deceased departing Member, together with all of the Member’s rights with respect to his/her appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any applicable deductions. If the Cooperative elects not to exercise its option, the departing Member (or, in the case of a Membership terminated for cause, under the Cooperative’s Bylaws and the Member’s Occupancy Agreement, the Cooperative) may sell the Member’s Membership and right of occupancy to a purchaser approved by the Cooperative, for such purchase price as is agreed upon by the departing member (or in the case of a Membership terminated for cause under the Cooperative’s Bylaws and the Member’s Occupancy Agreement, the Cooperative) and the purchaser.

“Member” means any person approved for Membership pursuant to the Cooperative’s bylaws who holds a Membership interest in the Cooperative. Members are also referred to herein as “owner-occupants.”

“Membership” means an ownership interest in the Cooperative entitling the Member to exclusive possession of a Dwelling Unit pursuant to the Member’s Occupancy Agreement. A Membership Certificate evidences the ownership interest of the Member in the Cooperative. The authorized Membership of the Cooperative will consist of Memberships of one class of Members,

and in a number equal to the number of Dwelling Units constructed and available for occupancy. One Membership will be issued by the Cooperative for each Dwelling Unit in the Project, such that the number of Memberships outstanding at all times will be equal to the number of Dwelling Units in the Project. A Membership Certificate will evidence the ownership interest of each Member in the Cooperative.

“Metro Area” means the Minneapolis St. Paul metropolitan statistical area.

“Occupancy Agreement” means a proprietary lease between the Member and the Cooperative entitling the Member to exclusive possession of a Dwelling Unit and describing the terms and conditions under which the Member will occupy the specified Dwelling Unit.

“Project” means the Real Property and improvements on the property owned by the Cooperative containing the associated Dwelling Units and appurtenant facilities, and also incorporates the Minimum Improvements described in the Contract.

“Property” means the real property described in Exhibit A hereto, together with all improvements and fixtures thereon, upon which the Project will be located.

“Purchase Price” means the cost of acquiring a Membership Interest in the Cooperative and includes the following:

- (1) Where applicable; (a) the initial dwelling unit value; (b) Transfer Value of the Membership Interest; (c) such purchase price as agreed upon by the departing Member and the purchaser; and
- (2) In all instances, the sum of down payments made, plus the mortgage and other carrying charges allocated to a dwelling unit.

The Cooperative shall own fee simple title to the Property and shall execute a blanket mortgage covering the entire Project. The individual Member signs no note or mortgage and has no personal obligation under the blanket mortgage of the Cooperative. Individual Members shall purchase and have an ownership interest in the Cooperative Corporation, entitling the Member to exclusive possession of a Dwelling Unit pursuant to the Member’s Occupancy Agreement. The Member’s respective interest in his/her Membership, appurtenant Dwelling Unit, and his/her allocated interest are personal property, and not real estate.

“State” means the State of Minnesota.

“Transfer” means the sale, or transfer of a Membership interest in the Cooperative, together with the associated right to exclusive possession of an appurtenant Dwelling Unit

“Transfer Value” means the Purchase Price paid for the Membership being transferred, plus (i) Annual Compounded Interest accrued through the period of the transferring Member’s ownership; plus (ii) the sum of the cost of Approved Upgrades (as defined above), if any, installed by the initial Member in the subject Dwelling Unit, less the sum of certain deductions set forth above and in the Cooperative’s Bylaws, such as expenses incurred by the Cooperative in

processing the transfer, possible refurbishing costs, any amounts owed to the Cooperative by the departing Member pursuant to the Member's Occupancy Agreement, or otherwise.

Section 2. Recording and Filing; Covenants to Run with the Land.

(a) Upon execution and delivery by the Developer in its capacity as Managing Agent for the Cooperative, shall cause this Agreement to be recorded and filed with the recorder of Hennepin County, and shall pay all fees and charges incurred in connection therewith. Upon recording, the Developer shall immediately transmit to the Authority an executed original of the recorded Agreement showing the date and document numbers of record, or a duly certified copy of the executed original.

(b) The Developer and Cooperative intend, declare and covenant, on behalf of themselves and all future owners, if any, of the Property during the term of this Agreement, that this Agreement and the covenants set forth herein restricting the Transfer of the Property (i) shall be and are covenants running with the Property, encumbering the Property for the term of this Agreement, binding upon the Developer's and Cooperative's successors in title and all subsequent owners of the Property, (ii) are not merely personal covenants of the Developer and Cooperative, and (iii) shall bind the Developer and Cooperative (and the benefits shall inure to the Authority) and its respective successors and assigns during the term of this Agreement. The Developer and Cooperative hereby agree that any and all requirements of the laws of the State to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to ensure that these restrictions run with the land. For the term of this Agreement, each and every contract, deed, or other instrument hereafter executed conveying the Property or portion thereof shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Property or portion thereof provides that such conveyance is subject to this Agreement.

(c) Notwithstanding clause (b) above, upon receipt by the Authority of certified evidence that a Dwelling Unit is no longer subject to the covenants in this Agreement, the Authority shall promptly furnish the Cooperative with an appropriate instrument releasing said Dwelling Unit from this Agreement and the covenants set forth herein which the Cooperative may cause to be recorded and filed with the recorder of Hennepin County at the Cooperative's expense.

Section 3. Representations, Covenants and Warranties of the Developer and Cooperative.

(a) The Developer is a limited liability company and the Cooperative is a Cooperative Corporation organized under Chapters 308A and 515B of the Minnesota statutes. The Developer and the Cooperative are qualified to transact business under the laws of the State, have the power

and authority to own its property and assets and to carry on its business as now being conducted, and have the full legal right, power and authority to execute and deliver this Agreement.

(b) The execution and performance of this Agreement by the Developer and Cooperative will not violate, or as applicable have not violated, any provision of law, rule or regulation, or any order of any court or other agency or governmental body, and will not violate, or as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the Developer or Cooperative is a party or by which they are bound.

(c) The Developer and Cooperative warrant that they have not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

Section 4. Project Initial Purchase Restrictions. Nine (9) Dwelling Units within the Project (the "Affordable Housing Units") shall be subject to the following covenants and restrictions:

(a) Each Affordable Dwelling Unit shall have at least one bedroom and shall be at least 1,025 square feet.

(b) The initial Membership with an appurtenant right to occupy an Affordable Dwelling Unit shall have household income not to exceed eighty percent (80%) of the Metro Area median income for the calendar year in which the initial Membership is issued. Following the Authority's issuance of a Certificate of Compliance, as set forth in Exhibit C, attached hereto, the Member will not thereafter be required to recertify as to household income during the duration of that Member's Membership Interest in the Cooperative.

(c) Each Affordable Dwelling Unit shall have an initial dwelling unit value that does not exceed \$235,000. It is understood and agreed by the parties that the prorated carrying charges of the Cooperative shall be paid by each Membership, including the Member-occupants of the Affordable Dwelling Units.

Section 5. Project Future Transfer Restrictions. Following the issuance of an initial Membership with appurtenant right to occupy an Affordable Dwelling Unit, subsequent transfers of Membership with appurtenant rights to occupy the Affordable Dwelling Unit will not be restricted by income level. However, pursuant to the Bylaws of the Cooperative, the Cooperative will have the option but not the obligation for a period of sixty (60) days commencing the first (1st) day of the calendar month following its receipt of notice that the Member desires to transfer his or her Membership, to purchase the Membership of a deceased or departing Member, together with all of the Member's rights with respect to the appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any Deductions. If the Cooperative exercises its Purchase option, the Cooperative shall give preference to any applicants on any then existing Cooperative waiting list whose household income does not exceed eighty percent (80%) of the Metro Area median income for the calendar year in which the purchase is occurring, subject to the provisions

of Article 3.10(f) of the Cooperative's Bylaws, which address a family member's priority right on any waiting list. In no event shall the Cooperative, if exercising its option to purchase the Membership of a deceased or departing Member, to which an Affordable Housing Unit is appurtenant pay a purchase price that exceeds the Membership's transfer value.

Section 6. Conversion to For-Sale Condominiums. Pursuant to Section 4.6(a) of the Contract, if the Project is converted to a building with for-sale condominium units during the term of this Agreement, the Affordable Dwelling Units shall remain subject to the restrictions set forth in Section 4 and 5 hereof to maintain the ability of initial or future Members or, in the case of condominium conversion, buyers to purchase the Affordable Dwelling Units at affordable prices and shall also be subject to the restrictions of any developed association.

Section 7. Conversion to Rental Building. Pursuant to Section 4.6(b) of the Contract, if the Project is converted to a rental building during the term of this Agreement, the Affordable Dwelling Units shall be occupied by or held vacant and available for occupancy by individuals or families of low or moderate income. Occupants are considered individuals or families of low or moderate income only if their combined adjusted income does not exceed sixty percent (60%) of the Metro Area median income for the applicable calendar year. Such determination shall be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. The rent charged for each Affordable Housing Unit shall not exceed the maximum rent that is determined by the Minnesota Housing Finance Agency (or any successor entity) to be affordable to persons who meet these income restrictions. If the Project is converted to a rental building, the landlord or then owner shall report the incomes of tenants in the Affordable Housing Units annually on April 1 of each year. The Authority will provide the proper forms to report incomes.

Section 8. Restrictions on Transfer Generally.

(a) Prior to the execution of a Subscription Agreement by a prospective Member of the Cooperative who intends to occupy one of the Affordable Dwelling Units, the Cooperative shall deliver to the Authority written evidence reasonably satisfactory to the Authority that the proposed Membership Purchase or Transfer complies with the provisions of this Agreement. Such evidence shall include, at a minimum, certification by the prospective Member that he or she intends to occupy the unit For initial purchases of Memberships to which Affordable Housing Units are appurtenant, the Cooperative shall provide evidence of the prospective Member's household income using the form provided in Exhibit B attached hereto.

(b) Promptly after receipt by the Authority of evidence of compliance with the terms of Section 4 hereof as to the proposed initial purchase of a Membership Interest to which an Affordable Housing Unit is appurtenant, the Authority will furnish the Cooperative with an appropriate instrument so certifying. Such certification by the Authority shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction of the covenants in this Agreement with respect to the obligations of the Cooperative with respect to the subject purchase, and shall be substantially in the form attached hereto as Exhibit C.

(c) Promptly after receipt by the Authority of evidence of compliance with the terms of Sections 5 as to the subsequent Transfer of any Membership Interest to which an Affordable Dwelling Unit is appurtenant due to the initial Member's departure or death, the Authority will furnish the Cooperative with an appropriate instrument so certifying. Such certification by the Authority shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction of the covenants in this Agreement with respect to the obligations of the Cooperative with respect to the subject Transfer, and shall be substantially in the form attached hereto as Exhibit D.

(d) If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section, the Authority shall, within thirty (30) days after written request by the Cooperative, provide Cooperative with a written statement, indicating in adequate detail in what respects the Cooperative has failed to comply with the restrictions on Transfer under this Section and what measures or acts will be necessary, in the opinion of the Authority, for the Cooperative to take or perform in order to obtain such certification.

(e) ANY TRANSFER IN VIOLATION OF THE TERMS OF THIS SECTION SHALL BE DEEMED VOID.

Section 9. Term of Agreement. This Agreement and the restrictions on Transfer specified herein shall commence on the date hereof. This Agreement shall terminate for each Affordable Dwelling Unit thirty (30) years following the first initial Membership purchase described in Section 4(a)(1) hereof unless the Authority releases such Affordable Dwelling Unit from the covenants of this Agreement pursuant to Section 2(c) hereof.

Section 10. Enforcement.

(a) The Developer and Cooperative acknowledge that the primary purpose for requiring compliance by the Developer and Cooperative with the restrictions provided in this Agreement is to ensure compliance of the Property with the housing affordability covenants set forth in Sections 4.5 and 4.6 of the Contract, and by reason thereof, the Developer and Cooperative, in consideration for the assistance provided by the Authority under the Contract that makes possible the initial construction of Dwelling Units on the Property and sale thereof for a Purchase Price at or below the Purchase Price specified herein for each Membership Interest to which an Affordable Dwelling Unit is appurtenant, hereby agree and consent that the Authority shall be entitled, for any breach of the provisions of this Agreement, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer and Cooperative of their obligations under this Agreement in a state court of competent jurisdiction.

(b) If the Developer or Cooperative breach any of their obligations under this Agreement, and the Authority employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Developer or Cooperative under this Agreement, the Developer and Cooperative agree that it shall, within ten (10) days of written demand by the Authority, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority.

Section 11. Miscellaneous.

(a) Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

(b) Notices. Any notice, demand, or other communication under this Agreement shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to parties at the addresses set forth below:

To the Cooperative: Applewood Pointe Cooperative of Minnetonka
3600 American Boulevard West, Suite 750
Bloomington, MN 55431
Attn: Brian Carey

To the Developer: United Properties Residential LLC
3600 American Boulevard West, Suite 750
Bloomington, MN 55431
Attn: Brian Carey

To the Authority: Economic Development Authority in and for the City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345-1502
Attn: Executive Director

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section. After Transfer of the property or Membership Interest to which an Affording Dwelling Unit is appurtenant, notices to the Developer and Cooperative shall be given in the manner herein described to the Cooperative.

(c) Governing Law. This Agreement shall be governed by the laws of the State.

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

Section 12. Limitation on Members. For purposes of this Agreement, a person shall be deemed a "Member-occupant" of a Dwelling Unit only from the date of such person's (or pursuant to the Cooperative Bylaws, a trust's) acquisition of a Membership Interest in the Cooperative entitling the Member to occupy a Dwelling Unit until the Membership transfer in accordance with the terms of this Agreement. After a Membership Interest to which an Affordable Dwelling Unit is appurtenant is transferred in accordance with the requirements of this Agreement, the departing Member, trust, or remaindermen shall have no further responsibilities under or with respect to this Agreement, except to the extent that such person or entity may own another Membership Interest. Nor shall any Member-occupant be liable as a result of another Member-occupant's failure to comply with the terms of this Agreement or have any responsibility for the enforcement of any term of this Agreement as it relates to another Member-occupant.

Section 13. Bylaws of Cooperative. The parties understand and acknowledge that the bylaws of the Cooperative have not been finalized and adopted as of the date of this Agreement. If material provisions with respect to the Cooperative's option to purchase the Membership of a deceased or departing Member set forth herein differ from what is provided in the final version of the bylaws of the Cooperative, the parties agree to amend and restate this Agreement to conform to the bylaws based on mutually agreeable terms. Notwithstanding the foregoing, any amendment to this Agreement will continue the Authority's intent to restrict future Transfers in the manner set forth in Section 5 hereof.

Section 14. HUD Provisions. Notwithstanding any clause or provision in this Agreement to the contrary and so long as the United States Department of Housing and Urban Development ("HUD") or a successor or assign of HUD is the insurer or holder of a loan secured by the Property (the "Mortgage Loan"), the following provisions shall control and prevail:

- (a) In the event of any conflict between any provision contained elsewhere in this Agreement and any provision contained in this Section 14, the provision contained in this Section 14 shall govern and be controlling in all respects as set forth more fully herein.
- (b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between the Cooperative and HUD with respect to the Property, as the same may be supplemented, amended or modified from time to time.

"Lender" means Dougherty Mortgage LLC, a Delaware limited liability company, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Cooperative pursuant to the Mortgage Loan Documents with respect to the Property.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

“Security Instrument” means the mortgage or deed of trust from the Cooperative in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

- (c) Notwithstanding anything in this Agreement to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). The Cooperative covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or this Agreement. In the event of any conflict between the provisions of this Agreement and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Authority’s ability to enforce the terms of this Agreement, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Cooperative represents and warrants that to the best of the Cooperative’s knowledge this Agreement impose no terms or requirements that conflict with the National Housing Act and related regulations.
- (d) In the event of foreclosure (or deed in lieu of foreclosure), this Agreement (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.
- (e) The Cooperative and the Authority acknowledge that the Cooperative’s failure to comply with the covenants provided in this Agreement does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.
- (f) In enforcing this Agreement the Authority will not file any claim against the Property, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the Property other than a claim against:
 - i. Available Surplus Cash, if the Cooperative is a for-profit entity;
 - ii. Available distributions of Surplus Cash and residual receipts authorized for release by HUD, if the Cooperative is a limited distribution entity; or
 - iii. Available Residual Receipts authorized by HUD, if the Cooperative is a non-profit entity.
- (g) For so long as the Mortgage Loan is outstanding, the Cooperative and the Authority shall not further amend this Agreement, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD’s prior written consent.

- (h) Subject to the HUD Regulatory Agreement, the Authority may require the Cooperative to indemnify and hold the Authority harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against the Authority relating to the subordination and covenants set forth in this Agreement, provided, however, that the Cooperative's obligation to indemnify and hold the Authority harmless shall be limited to available Surplus Cash and/or Residual Receipts of the Cooperative.

IN WITNESS WHEREOF, the Cooperative and the Developer has caused this Agreement to be signed by its duly authorized representatives, as of the day and year first above written.

APPLEWOOD POINTE COOPERATIVE OF MINNETONKA

By [Signature]
Its _____

By [Signature]
Its VP

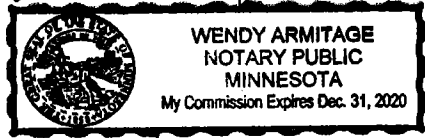
UNITED PROPERTIES RESIDENTIAL LLC
By [Signature]
Its Sr Vice President

By [Signature]
Its CEO

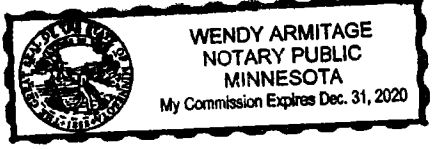
STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this November 17, 2015, by Alex Hall, the VP, and Mark Nelson, the President, respectively, of Applewood Pointe Cooperative of Minnetonka, on behalf of the cooperative corporation.

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

[Signature]
Notary Public


The foregoing instrument was acknowledged before me this November 17, 2015, by Mark Nelson, the Sr VP, and Frank Dotke, the CEO, respectively, of United Properties Residential LLC, on behalf of the company.



[Signature]
Notary Public

ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA

By Terry Schneider
Its President

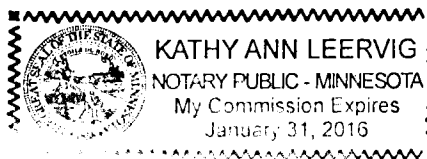
By Genalyn Barone
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this November 16, 2015, by Terry Schneider, the President of the Authority on behalf of said Authority.

Kathy Leervig
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)



The foregoing instrument was acknowledged before me this November 16, 2015, by Genalyn Barone, the Executive Director of the Authority on behalf of said Authority.

Kathy Leervig
Notary Public

This document was drafted by:
KENNEDY & GRAVEN, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 337-9300

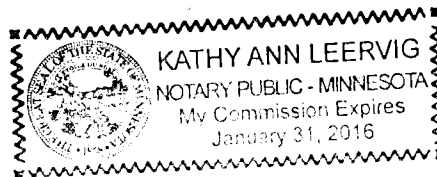


EXHIBIT A

DESCRIPTION OF PROPERTY

Lot 1, Block 1, Applewood Pointe of Minnetonka, Hennepin County, Minnesota

Abstract Property

Tax Parcel I.D. No. 14-117-22-24-0005

EXHIBIT B

CERTIFICATION OF INITIAL MEMBER-OCCUPANT INCOME ELIGIBILITY

Project: [Address]

Member-Occupant:

Unit Type: _____ 1 BR _____ 1 BR + Den _____ 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 for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Source of Income
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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 these types of 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:
\$ _____.

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT.

Name _____

Name _____

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

FOR COMPLETION BY COOPERATIVE
(OR AUTHORIZED AGENT) ONLY

1. Calculation of Eligible Member-Occupant Income:

(a) Enter amount entered for entire household in Section 2 of the Certification of Initial Member-Occupant Income Eligibility: \$ _____

(b) If the amount entered in Section 3(a) of the Certification of Initial Member-Occupant Income Eligibility is greater than \$5,000, enter the greater of (i) the amount entered in 3(b) of the Certification of Initial Member-Occupant Income Eligibility less the amount entered in 3(c) of the Certification of Initial Member-Occupant Income Eligibility 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 80% of median income for the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area"), as defined in the Declaration. The 80% benchmark must be met to be a "Qualifying Member-Occupant" under Section 4 of the Declaration.

3. Purchase Price:

(a) The purchase price of the membership interests in the cooperative representing the unit is \$ _____.

(b) The amount entered in 3(a) is less than or equal to the maximum purchase price permitted under the Declaration (\$235,000).

4. Number of Dwelling Unit unit assigned: _____.

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 MEMBER MAY BE UNTRUE OR INCORRECT.

APPLEWOOD POINTE COOPERATIVE OF
MINNETONKA, a Minnesota Cooperative
Corporation

By _____
Its _____

EXHIBIT C

**CERTIFICATE OF COMPLIANCE
(INITIAL MEMBERSHIP PURCHASE)
AND NOTICE OF CONTINUING RESTRICTION ON TRANSFER**

Initial Dwelling Unit Value: \$ _____

WHEREAS, the Economic Development Authority in and for the City of Minnetonka, a public body, corporate and politic (the "Authority"), and United Properties Residential LLC (the "Developer") in its capacity as Managing Agent for Applewood Pointe Cooperative of Minnetonka a Minnesota Cooperative corporation (the "Cooperative") have entered into a Contract for Private Development, dated _____, 2015, and filed with the _____ for Hennepin County on _____, 2015 as Document No. _____ (the "Contract") in connection with development of the following described land in County of Hennepin and State of Minnesota, to-wit:

Lot 1, Block 1, Applewood Pointe of Minnetonka, Hennepin County, Minnesota

Abstract Property

(the "Property"); and

WHEREAS, pursuant to Section 4.5 of the Contract the Developer and Cooperative have executed a Declaration of Restrictive Covenants, dated _____, 2015 (the "Affordability Covenants") and filed with the County Recorder for Hennepin County on _____, 2015 as Document No. _____; and

WHEREAS, the Developer and Cooperative will be constructing on the Property the dwelling unit designated as Unit ____ (the "Unit") in a manner deemed sufficient by the Authority; and

WHEREAS, as of the date hereof, the individuals identified as: _____, intend to execute a a Subscription Agreement, subscribing to Membership in Applewood Pointe Cooperative of Minnetonka, with the appurtenant right to occupy Unit....., all in accordance with Section 4 of the Affordability Covenants;

NOW, THEREFORE, this is to certify that:

1. This instrument is a conclusive determination of the satisfaction and termination of the covenants and conditions of the Agreement with respect to construction of the Dwelling Unit, provided that any other covenants and agreements between the Authority and the Cooperative shall remain in full force and effect.

2. The Dwelling Unit is a Unit described in Section 4 of the Affordability Covenants.

(a) As of the date hereof, and based upon the Authority's approval as to satisfaction of the covenants and conditions of the Agreement with respect to the construction of the Dwelling Unit, an initial Subscription for Membership in the Cooperative coupled with the appurtenant right to occupy the Unit may be made for an initial Dwelling Unit Value of \$ in compliance with the terms of Section 4 of the Affordability Covenants.

(b) This instrument is a conclusive determination of satisfaction of the covenants as to the initial purchase of a Membership Interest with an appurtenant right to occupy the Unit in accordance with Section 4 of the Affordability Covenants; PROVIDED THAT AFTER THE DATE HEREOF, THE UNIT REMAINS SUBJECT TO THE TERMS OF SECTION 5 AND OTHER PROVISIONS OF THE AFFORDABILITY COVENANTS, AND THIS INSTRUMENT SHALL NOT CONSTITUTE EVIDENCE OF COMPLIANCE WITH OR SATISFACTION OF ANY OBLIGATION OF ANY OWNER-OCCUPANT OF THE UNIT WITH RESPECT TO ANY SUBSEQUENT TRANSFER OF THE UNIT DURING THE TERM OF THE AFFORDABILITY COVENANTS.

Dated: _____

ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this ___ day of _____, _____, before me, a Notary Public within and for said County, personally appeared _____ and _____, to me personally known, who, being by me duly sworn, did say that they are the President and Executive Director of the Authority named in the foregoing instrument; that said instrument was signed in behalf of said Authority; and said _____ and _____ acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

This document was drafted by:
KENNEDY & GRAVEN, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 337-9300

EXHIBIT A TO CERTIFICATE OF COMPLIANCE (INITIAL TRANSFER)

Description of Unit

EXHIBIT D

**CERTIFICATE OF COMPLIANCE
(SUBSEQUENT TRANSFER)**

Initial Dwelling Unit Value \$ _____

WHEREAS, the Economic Development Authority in and for the City of Minnetonka, a public body, corporate and politic (the "Authority"), and United Properties Residential LLC (the "Developer") in its capacity as Managing Agent for Applewood Pointe Cooperative of Minnetonka, a Minnesota Cooperative corporation company (the "Cooperative") have entered into a Contract for Private Development, dated _____, 2015 and filed with the County Recorder for Hennepin County on _____, 2015 as Document No. _____ the "Contract", in connection with redevelopment of the following described land in County of Hennepin and State of Minnesota, to-wit:

Lot 1, Block 1, Applewood Pointe of Minnetonka, Hennepin County, Minnesota

Abstract Property

(the "Property"); and

WHEREAS, pursuant to Section 4.5 of the Agreement the Developer and Cooperative have executed a Declaration of Restrictive Covenants, dated _____, 2015 (the "Affordability Covenants") and filed with the County Recorder for Hennepin County on _____, 2015 as Document No. _____; and

WHEREAS, the Developer and Cooperative shall be constructing or have caused to be constructed on the Property the Dwelling Unit designated as Unit ____ (the "Unit") in a manner deemed sufficient by the Authority; and

WHEREAS, the Cooperative has heretofore made an initial sale of a Membership Interest in the Cooperative, coupled with an appurtenant right to occupy Unit _____, for an Initial Dwelling Unit Value of \$ _____, subject to certain restrictions on subsequent transfer under Section 4 of the Affordability Covenants, as set forth in a certain Certificate of Compliance (Initial Purchase) given by the Authority, dated _____ and filed with the _____ for Hennepin County on _____, 20__ as Document No. _____; and

WHEREAS, as of the date hereof the Cooperative (or, if appropriate, the Departing Member) intends to make a Transfer of Membership Interest coupled with an appurtenant right to occupy Unit _____, in compliance with Section 5 of the Affordability Covenants.

NOW, THEREFORE, this is to certify that:

1. As of the date hereof, and based upon the Authority's approval as to satisfaction of the covenants and conditions of the Agreement with respect to the proposed transfer of the Membership Interest to which this Dwelling Unit is appurtenant, a Subscription Agreement for Membership in the Cooperative coupled with the appurtenant right to occupy the Unit may be made for an initial Dwelling Unit Value of \$_____ in compliance with the terms of Section 4 of the Affordability Covenants.

2. This instrument is a conclusive determination of satisfaction of the covenants as to the proposed Transfer of the Membership Interest on the date hereof in accordance with Section 5 of the Affordability Covenants; PROVIDED THAT AFTER THE DATE HEREOF, THE UNIT REMAINS SUBJECT TO THE TERMS OF SECTION 5 AND OTHER PROVISIONS OF THE AFFORDABILITY COVENANTS, AND THIS INSTRUMENT SHALL NOT CONSTITUTE EVIDENCE OF COMPLIANCE WITH OR SATISFACTION OF ANY OBLIGATION OF ANY OWNER-OCCUPANT OF THE UNIT WITH RESPECT TO ANY SUBSEQUENT TRANSFER OF THE UNIT DURING THE TERM OF THE AFFORDABILITY COVENANTS.

Dated: _____

ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this ___ day of _____, before me, a Notary Public within and for said County, personally appeared _____ and _____, to me personally known, who, being by me duly sworn, did say that they are the President and Executive Director of the Authority named in the foregoing instrument; that said instrument was signed in behalf of said Authority; and said _____ and _____ acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

This document drafted by:
KENNEDY & GRAVEN, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 337-9300

EXHIBIT A TO CERTIFICATE OF COMPLIANCE (SUBSEQUENT TRANSFER)

Description of Unit

MASTER AMENDMENT AGREEMENT

By and Between

**THE ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF MINNETONKA, MINNESOTA,**

UNITED PROPERTIES RESIDENTIAL LLC,

and

APPLEWOOD POINTE COOPERATIVE OF MINNETONKA

Dated: November 23, 2015

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

MASTER AMENDMENT AGREEMENT

THIS MASTER AMENDMENT AGREEMENT, made as of the 23rd day of November, 2015 (the “Master Amendment Agreement”), by and between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), UNITED PROPERTIES RESIDENTIAL LLC, a Minnesota limited liability company (the “Developer”), and APPLEWOOD POINT COOPERATIVE OF MINNETONKA, a Minnesota cooperative corporation (the “Owner”).

WITNESSETH:

WHEREAS, the Authority, the Developer and the Owner entered into a Contract for Private Development, dated November 2, 2015 (the “Contract”), and filed of record in the office of the Hennepin County Recorder on November 18, 2015, as Document No. A10258943; and

WHEREAS, the Authority, the Developer and the Owner entered into a Declaration of Restrictive Covenants, dated November 2, 2015 (the “Declaration”), and filed of record in the office of the Hennepin County Recorder on November 18, 2015, as Document No. A10258944; and

WHEREAS, pursuant to the Contract, the Developer proposed to acquire certain property described in EXHIBIT A attached hereto (the “Development Property”) within the TIF District and construct 89 units of owner-occupied cooperative housing for seniors (the “Minimum Improvements”), which will be transferred to and operated by the Owner following completion of construction; and

WHEREAS, pursuant to the Declaration, the Developer, and the Owner agreed to certain affordability covenants related to nine units within the owner-occupied cooperative housing; and

WHEREAS, the Authority, the Developer, and the Owner have agreed to amend the affordability covenants related to the nine affordable units; and

WHEREAS, the Authority believes that the development of the TIF District pursuant to this Master Amendment Agreement, and fulfillment generally of this Master Amendment Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

Article I

Amendments to Contract

1.1 Amendment to Section 3.1 of the Contract. Section 3.1 of the Contract shall be deleted and replaced with the following:

Section 3.1. Status of the Development Property. The Developer previously purchased the Development Property for purposes of developing the Minimum Improvements and conveyed the Development Property to the Cooperative on November 1, 2015. The Authority has no obligation to acquire any portion of the Development Property.

1.2 Amendment of Section 4.5 of the Contract. Section 4.5 of the Contract shall be amended as follows:

Section 4.5. Affordable Housing Covenants. The Developer and the Owner covenant to make at least 10% of the cooperative Housing Units constructed on the Development Property “affordable.”

(a) Nine cooperative Housing Units (the “Affordable Housing Units”) must be initially sold (as a membership interest in the cooperative) to owner-occupants with household income not to exceed ~~80~~ 90% of the Minneapolis-St. Paul metropolitan statistical area (the “Metro Area”) median income for the calendar year in which such Affordable Housing Unit is initially sold (as a membership interest in the cooperative), for a purchase price of no more than \$235,000. The Affordable Housing Units will have at least one bedroom and will be at least 1,025 square feet in size. Each owner-occupant of the Affordable Housing Units will be required to pay a pro rata share of ongoing operating expenses of the cooperative. Future transfers of the Affordable Housing Units (or the membership interests in the cooperative representing the Affordable Housing Units) will be in compliance with the provisions of the Declaration of Restrictive Covenants, which are attached hereto as SCHEDULE D and are incorporated herein by reference.

(b) Upon or before closing on the initial sale of each membership interest to which an Affordable Housing Unit is appurtenant, the Developer shall deliver or cause to be delivered written evidence satisfactory to the Authority of compliance with the covenants in this Section 4.5, as provided in the Declaration of Restrictive Covenants.

(c) The Authority and its representatives shall have the right at all reasonable times while the covenants in this Section 4.5 are in effect, after reasonable notice to inspect, examine and copy all books and records of the Developer and its successors and assigns relating to the covenants described in this Section.

(d) The Developer and the Owner shall execute the Declaration of Restrictive Covenants before the Developer obtains the financing described in Article VII, and in any event, not later than December 31, 2015. Failure to enter into, record or comply with the Declaration of Restrictive Covenants in accordance with this Section shall be an Event of Default hereunder. If the Developer or the Owner fails to comply with this Article IV or with the covenants of the

Declaration of Restrictive Covenants, the Developer and the Owner shall reimburse the Authority for any reasonable attorney fees incurred by the Authority in an effort to gain the Developer's or the Owner's compliance with this Article IV or with the covenants of the Declaration of Restrictive Covenants.

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

Article II

Amendments to Declaration

2.1 Amendment of Section 4 of the Declaration. Section 4 of the Declaration shall be amended as follows:

Section 4. Project Initial Purchase Restrictions. Nine (9) Dwelling Units within the Project (the “Affordable Housing Units”) shall be subject to the following covenants and restrictions:

(a) Each Affordable Dwelling Unit shall have at least one bedroom and shall be at least 1,025 square feet.

(b) The initial Membership with an appurtenant right to occupy an Affordable Dwelling Unit shall have household income not to exceed ~~eighty~~ ninety percent (~~80~~ 90%) of the Metro Area median income for the calendar year in which the initial Membership is issued. Following the Authority’s issuance of a Certificate of Compliance, as set forth in Exhibit C, attached hereto, the Member will not thereafter be required to recertify as to household income during the duration of that Member’s Membership Interest in the Cooperative.

(c) Each Affordable Dwelling Unit shall have an initial dwelling unit value that does not exceed \$235,000. It is understood and agreed by the parties that the prorated carrying charges of the Cooperative shall be paid by each Membership, including the Member-occupants of the Affordable Dwelling Units.

2.2 Amendment of Section 5 of the Declaration. Section 5 of the Declaration shall be amended as follows:

Section 5. Project Future Transfer Restrictions. Following the issuance of an initial Membership with appurtenant right to occupy an Affordable Dwelling Unit, subsequent transfers of Membership with appurtenant rights to occupy the Affording Dwelling Unit will not be restricted by income level. However, pursuant to the Bylaws of the Cooperative, the Cooperative will have the option but not the obligation for a period of sixty (60) days commencing the first (1st) day of the calendar month following its receipt of notice that the Member desires to transfer his or her Membership, to purchase the Membership of a deceased or departing Member, together with all of the Member’s rights with respect to the appurtenant Dwelling Unit, at an amount equal to the Transfer Value, less the sum of any Deductions. If the Cooperative exercises its Purchase option, the Cooperative shall give preference to any applicants on any then existing Cooperative waiting list whose household income does not exceed ~~eighty~~ ninety percent (~~80~~ 90%) of the Metro Area median income for the calendar year in which the purchase is occurring, subject to the provisions of Article 3.10(f) of the Cooperative’s Bylaws, which address a family member’s priority right on any waiting list. In no event shall the Cooperative, if exercising its option to purchase the Membership of a deceased or departing Member, to which an Affordable Housing Unit is appurtenant pay a purchase price that exceeds the Membership’s transfer value.

2.3 Amendment to Exhibit B of the Declaration. Exhibit B of the Declaration is amended as provided in the Amended Exhibit B attached hereto.

(Remainder of this page intentionally left blank.)

ARTICLE III

Miscellaneous Provisions

Section 3.1. Definitions. All terms capitalized and not defined herein shall have the meanings provided such terms in Section 1.1 of the Contract and Section 1 of the Declaration.

Section 3.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Master Amendment Agreement are inserted for convenience of reference only and will be disregarded in construing or interpreting any of its provisions.

Section 3.3. Notices and Demands. Except as otherwise expressly provided in this Master Amendment Agreement, a notice, demand, or other communication under the Master Amendment Agreement by either party to the other will be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at 3600 American Boulevard West, Suite 750, Bloomington, MN 55431;

(b) in the case of the Owner, is addressed to or delivered personally to the Owner at 3600 American Boulevard West, Suite 750, Bloomington, MN 55431; and

(c) in the case of the Authority, is addressed to or delivered personally to the Authority at 14600 Minnetonka Blvd, Minnetonka, Minnesota 55345-1502, Attn: Executive Director.

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

Section 3.4. Counterparts. This Master Amendment Agreement may be executed in any number of counterparts, each of which will constitute one and the same instrument.

Section 3.5. Recording. The Authority shall record this Master Amendment Agreement and any amendments thereto with the Hennepin County recorder. The Developer must pay all costs for recording.

Section 3.6. Amendment. The Contract and the Declaration, both as amended by this Master Amendment Agreement, may be amended only by written agreement approved by the Authority, the Owner, and, as applicable, the Developer.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Lot 1, Block 1, Applewood Pointe of Minnetonka, Hennepin County, Minnesota

Abstract Property

IN WITNESS WHEREOF, the Authority has caused this Master Amendment Agreement to be duly executed in its name and behalf and the Developer has caused this Master Amendment Agreement to be duly executed in its name and behalf, and the Owner has caused this Master Amendment Agreement to be duly executed in its name and behalf, all as of the date first above written.

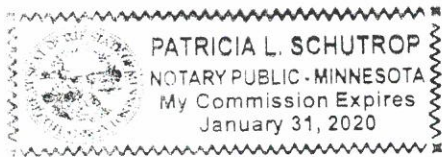
**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA,
MINNESOTA**

By Terry Schneider
Its President

By Cecily Barone
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this November 25, 2015, by Terry Schneider, the President of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Authority.

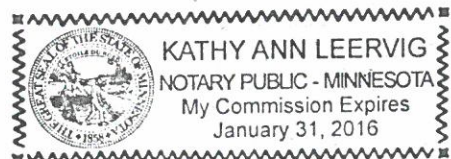


Patricia L. Schutrop
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this November 30, 2015, by Cecily Barone, the Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on behalf of the Authority.

Kathy Leervig
Notary Public



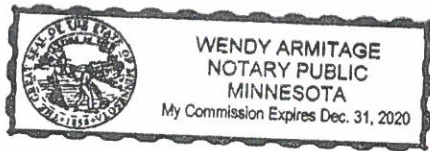
UNITED PROPERTIES RESIDENTIAL LLC

By *Mark Nelson*
 Its *Sr. V.P.*

By *Richard Student*
 Its *Sr. VP: Mgr*

STATE OF MINNESOTA)
) SS.
 COUNTY OF *Hennepin*)

The foregoing instrument was acknowledged before me this *November 8*, 2016, by *Mark Nelson*, the *Sr VP*, and *Richard Student*, the *Sr VP: Mgr*, respectively, of United Properties Residential LLC, on behalf of the company.



Wendy Armitage
 Notary Public

(Signature Page of Developer to the Master Amendment Agreement)

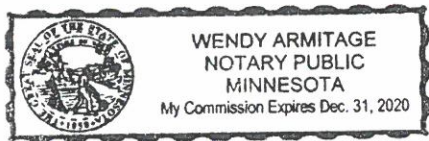
**APPLEWOOD POINTE COOPERATIVE OF
MINNETONKA**

By _____
Its *[Signature]*

By _____
Its *[Signature]*

STATE OF MINNESOTA)
) SS.
COUNTY OF *Hennepin*)

The foregoing instrument was acknowledged before me this *November 8*, 2016, by *Alex Hall*, the *VP*, and _____, the _____, respectively, of Applewood Pointe Cooperative of Minnetonka, on behalf of the cooperative corporation.



Wendy Armitage

Notary Public

(Signature Page of Owner to the Master Amendment Agreement)

AMENDED EXHIBIT B TO DECLARATION

CERTIFICATION OF INITIAL MEMBER-OCCUPANT INCOME ELIGIBILITY

Project: [Address]

Member-Occupant:

Unit Type: _____ 1 BR _____ 1 BR + Den _____ 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 for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Source of Income
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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 these types of 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:
\$_____.

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT.

Name _____

Name _____

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

FOR COMPLETION BY COOPERATIVE
(OR AUTHORIZED AGENT) ONLY

1. Calculation of Eligible Member-Occupant Income:
 - (a) Enter amount entered for entire household in Section 2 of the Certification of Initial Member-Occupant Income Eligibility: \$_____
 - (b) If the amount entered in Section 3(a) of the Certification of Initial Member-Occupant Income Eligibility is greater than \$5,000, enter the greater of (i) the amount entered in 3(b) of the Certification of Initial Member-Occupant Income Eligibility less the amount entered in 3(c) of the Certification of Initial Member-Occupant Income Eligibility 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 ~~80%~~ 90% of median income for the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area"), as defined in the Declaration. The ~~80%~~ 90% benchmark must be met to be a "Qualifying Member-Occupant" under Section 4 of the Declaration.
3. Purchase Price:
 - (a) The purchase price of the membership interests in the cooperative representing the unit is \$_____.
 - (b) The amount entered in 3(a) is less than or equal to the maximum purchase price permitted under the Declaration (\$235,000).
4. Number of Dwelling Unit unit assigned: _____.

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 MEMBER MAY BE UNTRUE OR INCORRECT.

APPLEWOOD POINTE COOPERATIVE OF
MINNETONKA, a Minnesota Cooperative
Corporation

By _____
Its _____

EDA Resolution No. 2021-

Resolution approving remedy for noncompliance by Applewood Pointe Cooperative of Minnetonka

Be it resolved by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority") as follows:

Section 1. Background.

- 1.01. Applewood Pointe Cooperative of Minnetonka, a Minnesota cooperative corporation (the "Cooperative"), entered into a Contract for Private Development, dated November 2, 2015 (the "Contract"), with the Authority and United Properties Residential LLC (the "Developer"), regarding the construction of 89 cooperative housing units. The Cooperative also executed a Declaration of Restrictive Covenants, dated November 2, 2015 (the "Declaration"), with the Authority and the Developer. Both the Contract and the Declaration were amended by the Master Amendment Agreement, dated November 23, 2015, between the Cooperative, the Developer, and the Authority.
- 1.02. The Contract and the Declaration require ongoing affordability for nine units, including unit 205, and dictate compliance by the Cooperative with certain requirements if the Cooperative purchases the membership of a deceased or departing member living in an affordable dwelling unit.
- 1.03. The Authority has determined that the Cooperative did not meet the compliance requirements when it purchased the membership shares of unit 205 and subsequently resold the unit. As a result, the Cooperative is not in compliance under the terms of the Contract and the Declaration.
- 1.04. The Cooperative has proposed that, upon the sale of unit 205 by its current owner, the Cooperative will pay an amount to the current owner to satisfy the requirements of the Contract and the Declaration and then reduce the purchase price of unit 205 to the appropriate price to align with the other affordable units.
- 1.05. There has been presented before the Board of Commissioners a form of letter to be delivered to the Cooperative detailing the proposed remedy for the Cooperative's noncompliance under the terms of the Contract and the Declaration.

Section 2. Approval.

- 2.01. The remedy described in this resolution and the letter directed to the Cooperative Agreement is hereby approved, and Authority staff are hereby directed to deliver the letter to the Cooperative.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on May 10, 2021.

Brad Wiersum, President

Attest:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a meeting held on May 10, 2021.

Becky Koosman, Secretary