<u>Exhibit II</u>

Form of Housing Declaration (Owner-Occupied)

DECLARATION OF COVENANTS AND RESTRICTIONS (Ford Site)

THIS DECLARATION OF COVENANTS AND RESTRICTIONS (this "<u>Declaration</u>") is made as of the _____ day of _____, 20__ (the "<u>Effective Date</u>"), by _____ (together with any successor fee title owner of the Property defined below, "<u>Declarant</u>").

Recitals:

A. Declarant is the owner of certain real property situated in the City of Saint Paul (the "<u>City</u>"), County of Ramsey, State of Minnesota, and legally described in the attached <u>Exhibit A</u> (the "<u>Property</u>"), which such Property is a part of that certain larger parcel of land consisting of approximately 122 acres which formerly contained a Ford car and truck assembly plant and is commonly known as the Ford Redevelopment Site (the "<u>Redevelopment Area</u>").

B. The Redevelopment Area and Property are subject to the "Ford Site Zoning and Public Realm Master Plan" adopted by the City pursuant to City Council Resolution No. RES PH 17-261 and City Ordinance No. ORD 17-40, as amended by City Council Resolution No. RES PH 19-73 and City Ordinance No. ORD 19-19, and further amended by City Council Resolution No. RES PH 19-256 and City Ordinance No. ORD 19-54 (collectively, the "<u>Master Plan</u>").

C. The Redevelopment Area and Property is also currently subject to that certain Redevelopment Agreement (the "<u>Redevelopment Agreement</u>") dated December ___, 2019 and entered into by and among the City, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the "<u>Authority</u>"), and Project Paul, LLC, a Delaware limited liability company ("<u>Developer</u>"), pursuant to which Developer will construct and install certain infrastructure improvements within the Redevelopments Area and the City and the Authority will provide certain financial assistance in connection with such improvements, all in furtherance of the redevelopment of the Redevelopment Area in accordance with the Master Plan.

D. In accordance with the Master Plan and the Redevelopment Agreement, Developer is responsible to ensure that at least 20% of the aggregate housing units constructed in the Redevelopment Area (i.e. approximately [763] of approximately [3,807] total) (the "<u>Total Affordability Requirement</u>") must be available for rent or for purchase at rates specified therein considered affordable to certain low-and moderate-income households (each an "<u>Affordable Unit</u>" and, collectively, the "<u>Affordable Units</u>") in accordance with affordability standards as determined and announced from time to time by the U.S. Department of Housing and Urban Development ("<u>HUD</u>").

E. As set forth in the Affordable Housing Schedule attached as <u>Exhibit</u> ______ to the Redevelopment Agreement, Declarant anticipates that the Property will be improved with owner-occupied housing units (the "<u>Housing Project</u>") consisting of [____] housing units (the "<u>Project Units</u>"), of which at least **six** of such housing units will be Affordable Units (the "<u>Project Affordable Units</u>").

F. In partial satisfaction of the Total Affordability Requirement, Declarant has agreed to enter into this Declaration and thereby impose certain restrictive covenants upon the Property to ensure that the Project Affordable Units will remain affordable to certain low- and moderate-income households, all upon the terms and conditions set forth in this Declaration.

NOW, THEREFORE, Declarant makes the following declaration, hereby specifying that said declaration shall constitute covenants to run with the land and shall be binding on all parties in interest and their respective successors and assigns:

1. <u>Use Restriction</u>. The Property shall not be used for any purpose other than owner-occupied housing meeting the requirements set forth in Section 2 hereof, without the prior written approval of the City and the Authority during the period commencing on the date hereof and terminating on the latest of (i) the 30th anniversary of the date hereof, or (ii) the latest date that any tax increment financing district, established on the Property prior to the commencement of construction of the Housing Project, is terminated in accordance with Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "<u>TIF Act</u>"), or (iii) with respect to each Project Affordable Unit, the 30th anniversary of the date of the certificate of occupancy is issued by the City for such Project Affordable Unit (the "<u>Qualified Project Period</u>").

2. Occupancy Requirements and Restrictions.

(a) <u>Project Affordable Units</u>. The Project Affordable Units will consist of at least **six** Project Units which will be reserved for households who have a combined gross annual income which does not exceed 60% of AMI (each a "<u>60% Unit</u>").

For purposes of this Declaration, "<u>AMI</u>" means the Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area (including adjustments for household size), as determined by HUD.

(b) <u>Qualifying Purchasers</u>. Each Project Affordable Unit shall be sold to and occupied for the duration of the Qualified Project Period only by a household who, at initial occupancy, has a combined gross annual income which does not exceed 60% of AMI (each a "<u>Qualifying</u> <u>Purchaser</u>"). Each subsequent purchaser of the Project Affordable Unit during the Qualified Project Period must be a Qualifying Purchaser at initial occupancy.

Certification of Purchaser Eligibility. No purchaser household shall be approved (c)by Declarant for initial occupancy of a Project Affordable Unit unless and until Declarant has determined (through verification of income, assets, expenses, and deductions) whether such purchaser household is a Qualifying Purchaser for the applicable Project Affordable Unit. Each person who is intended to be a Qualifying Purchaser will be required at the closing of the purchase of a Project Affordable Unit to sign and deliver to Declarant a "Certification of Purchaser Eligibility" substantially in the form attached as **Exhibit B**, or in any other form as may be approved in writing by the City or the Authority (the "Eligibility Certification"), in which the prospective purchaser certifies as to qualifying as an applicable Qualifying Purchaser. Eligibility Certifications may be obtained no more than 120 days before a Qualifying Purchaser occupies a Project Affordable Unit. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed reasonably necessary by the City to substantiate the Eligibility Certification. Eligibility Certifications will be maintained on file by Declarant with respect to each Qualifying Purchaser who resides or resided in a Project Affordable Unit for a period of 10 years following the end of the Qualified Project Period.

Replacement Declaration. Upon the closing of the acquisition of a Project (d) Affordable Unit by a Qualifying Purchaser and the execution by such Qualifying Purchaser and recording in the applicable real estate records of Ramsey County, Minnesota against such Project Affordable Unit of a "Declaration of Covenants and Restrictions" substantially in the form attached as **Exhibit** C, or in any other form as may be approved in writing by the City or the Authority (the "Replacement Declaration"), this Declaration shall terminate with respect to a separately created legal parcel consisting of such Project Affordable Unit and the City and the Authority will, upon request and at the expense of Declarant or its assigns, execute and deliver a satisfaction and release of this Declaration with respect to such separately created legal parcel consisting of such Project Affordable Unit to Declarant or its assigns for recording in the applicable real estate records of Ramsey County, Minnesota for such Project Affordable Unit. Further, in accordance with Section 9.4(b) of the Redevelopment Agreement, if Declarant or Developer causes a Project Affordable Unit to be delivered on a different lot or lots within the Redevelopment Area, then the City and Authority will release this Declaration from the applicable portion of the Property and Developer shall cause a Replacement Declaration to be recorded against each of such replacement lots and shall amend the Affordable Housing Schedule so long as there remains a minimum of six Project Affordable Units in the Redevelopment Area.

(e) <u>Termination of Declaration</u>. The term of this Declaration commences on the Effective Date and will expire upon the end of the Qualified Project Period; subject to replacement with a Replacement Declaration as provided in clause (d) above.

3. Additional Covenants, Representations, and Warranties of Declarant.

(a) <u>Consents and Subordination</u>. Declarant shall obtain the consent to this Declaration of any prior recorded lien-holder for the Property or the Housing Project and shall cause such liens to be subordinated to this Declaration. Declarant has 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 Declaration are paramount and controlling as to the rights and obligations set forth herein and supersede any other document's provisions in conflict herewith.

(b) <u>No Violation</u>. The execution and performance of this Declaration by Declarant (i) 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 (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which Declarant is a party or by which it, the Property or the Housing Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

4. <u>Enforcement</u>. In the event of a violation by Declarant of any covenant or restriction in this Declaration, and such violation continues for a period of 30 days after written notice of such violation from the City or the Authority to Declarant, then the City and the Authority will be entitled to exercise the following remedies, in addition to any other remedies provided to the City or the Authority in any other agreement between the Declarant and either the City or the Authority:

(a) For any uncured violation of the covenants and restrictions of this Declaration the City or the Authority may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation, or enforce specific performance by Declarant of the covenants and/or restrictions set forth in this Declaration.

(b) The City may withhold any site plan approvals or building permits for any proposed use of the Property which does not comply with Section 1 hereof.

(c) For each Project Affordable Unit for which the Declarant fails to obtain a certificate of occupancy by the **10th** anniversary of the date mass grading for the Redevelopment Area commences ("<u>Owner-Occupied Affordable Delivery Deadline</u>"), Declarant shall pay \$100,000 to the Authority's affordable housing trust fund, and such payments shall be the City's and the Authority's sole remedy for Declarant's failure to substantially complete the Project Units by the Owner-Occupied Affordable Delivery Deadline.

In no event shall the Declarant be in default if the Declarant establishes that the noncompliance was due to fraudulent misrepresentations by a purchaser.

No delay in enforcing the provisions of said covenants or restrictions as to any violation shall impair, damage or waive the right to enforce the same or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

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

6. <u>Severability</u>. If any provisions hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

7. <u>Notices</u>. Any notice, approval, consent, payment, demand, communication, authorization, delegation, recommendation, agreement, offer, report, statement, certification or disclosure required or permitted to be given or made under this Declaration, whether or not expressly so stated, shall not be effective unless and until given or made in writing and shall be deemed to have been duly given or made as of the following date: (a) if delivered personally by courier or otherwise, then as of the date delivered or if delivery is refused, then as of the date presented; or (b) if sent or mailed by certified U.S. mail, return receipt requested, or by Federal Express, Express Mail or other mail or overnight courier service, then as of the date received. All such communications shall be addressed as follows (which address(es) for a party may be changed by that party from time to time by notice to the other parties). No such communications to a party shall be effective unless and until deemed received at all address(es) for such party:

If to Declarant:	The address of record for real property tax assessment notices with respect to the Property.
If to the City or the Authority:	City of St. Paul (PED) City Hall Annex 25 West 4 th Street, Suite 1300 St. Paul, MN 55102 Attn: Director of Planning and Economic Development

With a copy to:	City of St. Paul (OFS) 700 City Hall and Courthouse 15 Kellogg Boulevard West Saint Paul, MN 55102 Attn: Finance Director
With a copy to:	Office of the City Attorney (CAO) 400 City Hall 15 West Kellogg Boulevard Saint Paul, MN 55102 Attn: City Attorney

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

8. <u>Amendment</u>. The provisions of this Declaration shall not be amended, terminated or deleted, except by an instrument in writing duly executed by the City and the Authority and the then-current Declarant in accordance with Section 9.3(c) of the Redevelopment Agreement.

9. <u>Governing Law</u>. This Declaration is governed by the laws of the state of Minnesota and, where applicable, the laws of the United States of America.

10. <u>Attorneys' Fees</u>. In case any action at law or in equity, including an action for declaratory relief, is brought against Declarant to enforce the provisions of this Declaration, Declarant agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the City or the Authority in connection with the action.

11. <u>Covenants Running with the Land</u>. Declarant intends, declares and covenants, on behalf of itself and all future owners and operators of the Property and the Housing Project, that this Declaration and the covenants and restrictions set forth in this Declaration regulating and restricting the use, occupancy and transfer of the Property and the Housing Project (a) shall be and are covenants running with the Property and the Housing Project, encumbering the Property and the Housing Project, binding upon Declarant's successors in title and all subsequent owners and operators of the Property and the Housing Project; (b) are not merely personal covenants of Declarant; and (c) shall bind Declarant (and the benefits shall inure to the City and the Authority) and its respective successors and assigns.

12. <u>Removal from Real Estate Records</u>. Upon the expiration or termination of this Declaration or the Replacement Declaration, the City and the Authority will, upon request and at the expense of Declarant or its assigns, execute and deliver a termination of this Declaration or the Replacement Declaration, as applicable, to Declarant or its assigns for recording in the real estate records of Ramsey County, Minnesota. Further, in accordance with Section 9.4(b) of the Redevelopment Agreement, if Declarant or Developer causes a Project Affordable Unit to be delivered on a different lot or lots within the Redevelopment Area, then the City and Authority will release this Declaration from the applicable portion of the Property and Developer shall cause a Replacement Declaration to be recorded against each of such replacement lots and shall amend the Affordable Housing Schedule so long as there remains a minimum of six Project Affordable Units in the Redevelopment Area.

[Remainder of this page intentionally left blank; signature on following page]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the date first written above

		[a		
		Bv		
STATE OF MINNESOTA	,			
COUNTY OF) ss.)			
The foregoing instrument was				
07		, ~	, on our	

Notary Public

THIS DOCUMENT WAS DRAFTED BY: Dorsey & Whitney LLP 50 South Sixth Street, Suite 1500 Minneapolis, MN 55402-1498

<u>Exhibit A</u>

Legal Description of the Property

[Lot 1, Block 26, FORD, according to the recorded plat thereof, Ramsey County, Minnesota]

Exhibit B

Form of Certification of Purchaser Eligibility

					1	Effective Date:		
					Move-in Date:			
			PART	I. DEVELOPM				
				Cour	nty:	per:		
Address:	-						#Bedroo	oms:
			PART II.	HOUSEHOLD (
HH		First N	ame & Middle	Relationship		Date of Birth		F/T Student
Br #	Last Name		Initial	Head of House	hold	(MM/DD/YY)		(Y or N)
1								
2								
3								
4								
5								
6								
					(USI	E ANNUAL AMOU	NTS)	
HH Mbr #	(A) Employment or	Wages	(B) Soc. Sect	urity / Pensions		(C) Public Assistance		(D) Other Income
							_	
TOTAL								
Add totals from (A) through (D) above TOTAL INCOME (E): PART IV. INCOME FROM ASSETS								
and the second second second								
HH Mbr#	(F) Type of Asset (G) C/I		(G) C/I		(H) Cash Value of Asset	0) Annual Income from Asset	
				TOTALS				
E to C 1	(II) T.4.1		D	TOTALS:				
Enter Column (H) Total Passbook Rate								
if over \$5,000 \$ x 2.00 % = (J) Imputed Income								
Enter the	greater of the total of	olumnL	or J: imputed ind	ome TOTAL I	NCON	ME FROM ASSETS	(K)	
Enter the greater of the total column I, or J: imputed income TOTAL INCOME FROM ASSETS (K) (L) Total Annual Household Income from all sources [Add (E) + (K)]								
(1) 10/01/	unidai modonolid i	noome ne	an an sources [r					

PURCHASER INCOME CERTIFICATION

HOUSEHSOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility I/We have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/We certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	Date	Signature	Date
Signature	Date	Signature	Date

1

PART V. DETERMINATION OF INCOME ELIGIBILITY		
TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES	Household Meets Income Restriction	
From Item (L) on page 1	at:	
Current Maximum Income	□60% □50% □40% □30%	
Income Family Size: \$ Household Income at Move-in: \$		
Household Income at Move-In. 5	Cur. Hshld Inc% Household Size at Move-in:	

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Purchaser Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

2

Exhibit C

Form of Replacement Declaration

DECLARATION OF COVENANTS AND RESTRICTIONS

WHEREAS,______, (hereinafter referred to as "**Declarant**"), is the owner of certain real property, (hereinafter referred to as the "**Property**"), situated in the city of Saint Paul, County of Ramsey, State of Minnesota, and legally described as:

WHEREAS, Declarant has received a loan (hereinafter referred to as the "Loan") from Twin Cities Habitat for Humanity, Inc. (hereinafter referred to as the "Lender") for the purchase of the Property; and

WHEREAS, Declarant hereby agrees to impose certain covenants and restrictions upon the Property, to ensure that the Property remains affordable to low-income persons.

NOW, THEREFORE, said Declarant makes the following Declaration, hereby specifying that said Declaration shall constitute covenants to run with the land and shall be binding on all parties in interest and their successors and assigns:

- 1. The Property shall be maintained as single family unit, occupied by the Declarant.
- 2. In the event of a voluntary or involuntary sale or transfer of title of the Property, the full amount of the Loan must be repaid. The Lender may in its sole discretion agree to a lesser amount in the event that the Lender determines there are no net proceeds or where the net proceeds are insufficient to repay the full amount of the Loan.

Net proceeds are defined as the fair market value of the property, determined by an independent appraisal, less closing costs, the amount of the original down payment, cost of improvements made by the Declarant as documented by paid invoices and receipts which shall be reviewed and approved by Lender, which approval shall not be unreasonably withheld, and the balance of the superior mortgages.

3. In the event of sale or transfer of title of the Property during the covenants and restrictions period as set forth below, the Property must be purchased by a "Low-Income Homeowner." A "Low-income Homeowner" shall mean a person or group of persons constituting a household whose combined gross income does not exceed Sixty percent (60%) of the area median household

income for the Twin Cities Metropolitan Statistical Area, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor. Lender may execute the Purchase Option contained in the Loan to become an interim owner of the Property and shall then sell the Property to a new eligible low-income homebuyer.

- 4. Declarant's legal title to the property has been burdened with a use limitation and covenants running with the real property, which will provide that such property will remain affordable to a low-income household during the affordability period. In addition, Declarant states that the burden upon its fee title to the property is reasonable, acceptable, and not unconscionable.
- 5. In the event of a foreclosure or a transfer of title in lieu of foreclosure, during the term of this Declaration, the Lender shall acquire title subject to this Declaration.
- 6. The covenants and restrictions of this Declaration shall be valid and operative until **Thirty (30)** years from the date of this Declaration.
- 7. No amendment to this Declaration and no waiver of any provision herein shall be effective unless set forth in writing and agreed upon between Declarant and Lender.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed and acknowledged this ______ day of ____, 20__.

	-		Name:	
	-			
	-	_	Name:	
STATE OF MINNESOTA)			
STATE OF MINICESOTA) ss.			
COUNTY OF) 33.			
	.)			
The foregoing instrument was	acknowledged be	fore me this	day of	,
20, by	1		··	
-				

Notary Public

This document was drafted by: Twin Cities Habitat for Humanity, Inc. 1954 University Avenue West St. Paul, MN 55104

CONSENT AND SUBORDINATION

The undersigned,	, a, holder of that certain
[Mortgage] executed by [, a], dated
, 2019, filed	, 2019, as Document No, in the office
of the County Recorder in and for Ramsey Cou	nty, Minnesota, and filed, 20, as
Document No, in the office of the	e Registrar of Titles in and for Ramsey County, Minnesota,
in favor of (the "Mortga	age"), hereby consents to the foregoing Declaration of
Covenants and Restrictions (Affordable Hou	sing) (the "Declaration"), and hereby subordinates the
Mortgage and all of its right, title and interest in	the Property to the Declaration.
	,
	a
	_
	By:
	Printed Name:
	Title:
STATE OF	
STATE OF)	
) ss.)))))))))))))))))	
(COUNT 1 OF)	
The foregoing instrument was acknowl	edged before me this day of, 20,
	of, a
, on behalf of the	

(Signature of Person Taking Acknowledgment)