

Exhibit II

Form of Housing Declaration (Owner-Occupied)

DECLARATION OF COVENANTS AND RESTRICTIONS

(Ford Site)

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

Recitals:

A. Declarant is the owner of certain real property situated in the City of Saint Paul (the "City"), County of Ramsey, State of Minnesota, and legally described in the attached **Exhibit A** (the "Property"), 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 "Redevelopment Area").

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 "Master Plan").

C. The Redevelopment Area and Property is also currently subject to that certain Redevelopment Agreement (the "Redevelopment Agreement") 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 "Authority"), and Project Paul, LLC, a Delaware limited liability company ("Developer"), 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 "Total Affordability Requirement") must be available for rent or for purchase at rates specified therein considered affordable to certain low- and moderate-income households (each an "Affordable Unit" and, collectively, the "Affordable Units") in accordance with affordability standards as determined and announced from time to time by the U.S. Department of Housing and Urban Development ("HUD").

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

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. Use Restriction. 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 “TIF Act”), 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 “Qualified Project Period”).

2. Occupancy Requirements and Restrictions.

(a) Project Affordable Units. 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 “60% Unit”).

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

(b) Qualifying Purchasers. 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 “Qualifying Purchaser”). Each subsequent purchaser of the Project Affordable Unit during the Qualified Project Period must be a Qualifying Purchaser at initial occupancy.

(c) Certification of Purchaser Eligibility. No purchaser household shall be approved 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.

(d) Replacement Declaration. Upon the closing of the acquisition of a Project 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) Termination of Declaration. 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) Consents and Subordination. 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) No Violation. 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. Enforcement. 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.

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. Amendment. 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. Governing Law. This Declaration is governed by the laws of the state of Minnesota and, where applicable, the laws of the United States of America.

10. Attorneys' Fees. 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. Covenants Running with the Land. 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. Removal from Real Estate Records. 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]

Exhibit A

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

PURCHASER INCOME CERTIFICATION

<input type="checkbox"/> Initial Certification	Effective Date: _____ Move-in Date: _____
--	--

PART I. DEVELOPMENT DATA

Address: _____	County: _____	# Bedrooms: _____
Unit Number: _____		

PART II. HOUSEHOLD COMPOSITION

HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	F/T Student (Y or N)
1					
2					
3					
4					
5					
6					

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	Add totals from (A) through (D) above			TOTAL INCOME (E):

PART IV. INCOME FROM ASSETS

HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:				
Enter Column (H) Total if over \$5,000 \$ _____ x 2.00 % = (J) Imputed Income				
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)]				

HOUSEHOLD 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

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES
From Item (L) on page 1

Household Meets
Income Restriction
at:

- 60% 50%
 40% 30%

Current Maximum Income

Income Family Size: \$ _____

Household Income at Move-in: \$ _____

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

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)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____ and _____.

Notary Public

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

