

## MINNESOTA STANDARD PURCHASE AGREEMENT

(BEFORE YOU USE OR SIGN THIS CONTRACT, YOU SHOULD CONSULT WITH AN ATTORNEY TO DETERMINE THAT THIS CONTRACT ADEQUATELY PROTECTS YOUR LEGAL RIGHTS)

1. **PARTIES.** This purchase agreement (the "Agreement") is made on February \_\_\_\_, 2022, by and between Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a Minnesota municipal corporation (the "HRA"), as SELLER, and Block 11 Marshall, LLC, a Minnesota limited liability company, as BUYER.
2. **OFFER/ACCEPTANCE.** Buyer offers to purchase, and Seller agrees to sell the following described property (the "Property"):
  1. Part of Block 11, original plat to the City of Marshall, Lyon County, Minnesota, identified as Tax Parcel No. 27-677-129-0 and that is Lots 15 through 20 of Block 11 original plat to the City of Marshall.

And

  2. Tax Parcel No. 27-677-119-0 (Lots 1 through 5 of Block 11 original plat to the City of Marshall.)
3. **PRICE AND TERMS.** The purchase price for the property is Four Hundred Thousand and no/100 Dollars (\$400,000.00) (the "Purchase Price"). On the Closing Date (as hereinafter defined), Buyer shall pay Seller One and no/100 Dollars (\$1.00) for the Property plus a purchase price note by Buyer in favor of Seller in the amount of Three Hundred Ninety-Nine Thousand and no/100 Dollars (\$399,000.00), payable from a portion of the tax increments generated from the TIF District (as hereinafter defined), pursuant to the Contract for Private Development (as hereinafter defined).
4. **CONTINGENCIES.** The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur on such date on which the parties may agree in writing (the "Closing Date"). The obligation of the Seller to deliver possession of the Property to Buyer on the Closing Date is contingent on the following:
  - (A) Tax Increment Financing District. Seller and the City of Marshall (the "City") shall have approved the establishment of a redevelopment tax increment financing district (the "TIF District") for an area that includes the Property after a duly noticed public hearing

and upon satisfaction of all other conditions required by Minnesota Statutes, Section 469.174 through 469.1794.

- (B) Contract for Private Development. Buyer and Seller shall have negotiated, mutually agreed to, and executed, following approval by the Board of Commissioners of the HRA, a Contract for Private Development between Buyer and Seller (the "Contract for Private Development") and any documents ancillary thereto (collectively, the "Development Documents"), including without limitation, tax increment financing to support the construction of a mixed-use commercial/residential development on the Property including approximately 83 residential rental units and approximately 8,840 commercial square feet (the "Project") in the amount determined in accordance with applicable law.
- (C) Approval of this Agreement by the HRA. Seller shall have approved the sale of this Property pursuant to this Agreement following a duly noticed public hearing and the satisfaction of all other conditions required by Minnesota law, including Minnesota Statutes, Section 469.029.
- (D) Development Document Contingencies. Any further contingencies to Closing set forth in such Development Documents shall have been satisfied as provided therein prior to the Closing Date.

If, on or before the Closing Date either party determines that any of the contingencies listed in this Section have not been satisfied in their sole discretion, then this Agreement may be terminated by written notice from the party to the other, which notice must be given no later than 5 days after the Closing Date. If the party does not give written notice of termination on or before the date that is 5 days after the Closing Date, all of such contingencies will be deemed to have been satisfied and the parties shall proceed to close this transaction in accordance with the terms of this Agreement. If this Agreement is terminated by either party in accordance with this Section, all earnest money shall be returned to Buyer and neither party shall have any further rights or obligations regarding this Agreement or the Property.

5. **DEED/MARKETABLE TITLE.** Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:

- (A) Building and zoning laws, ordinances, state and federal regulations;
- (B) Restrictions relating to use or improvement of the Property without effective forfeiture provisions;
- (C) Reservation of any mineral rights by the State of Minnesota;
- (D) Utility and drainage easements which exist or are to be created by the redevelopment project;
- (E) Exceptions to title which constitute encumbrances, restrictions or easements which have been disclosed to Buyer and accepted by Buyer in this Agreement; (MUST BE SPECIFIED IN WRITING).

6. **REAL ESTATE TAXES AND SPECIAL ASSESSMENTS.** Seller will pay all real estate taxes due and payable in the year 2021 and all prior years. Buyer and Seller will prorate real estate taxes due and payable in the year 2022 to the Closing Date. Buyer will pay real estate taxes due and payable in the year 2023 and into the future.

The Buyer shall assume and pay all special assessments levied and/or pending as of the date of this Agreement. All future special assessments shall be the sole responsibility Buyer.

7. **DAMAGES TO REAL PROPERTY.** If the Property is substantially damaged prior to the Closing Date, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. If the Property is damaged materially but less than substantially prior to the Closing Date, Buyer may rescind this Agreement by notice to Seller within twenty-one (21) days after Seller notifies Buyer of such damage, during which 21-day period Buyer may inspect the Property, and in the event of such rescission, the Earnest Money shall be refunded by Buyer.
8. **OTHER TERMS.**
  - (A) Buyer shall acquire the Property subject to all existing easements of record. Buyer shall honor all existing easements.
  - (B) **Claw Back/Reversionary Rights.** Buyer has proposed that the Project be constructed in three phases. Specific timetables for the initiation and completion of each of the three phases of development have been discussed and will be included in the Contract for Private Development. If, however, the initiation of each phase of the Project are not timely completed, Seller reserves the right to claw back and reestablish ownership of the undeveloped portions of the Property subject to this Agreement and the Contract for Private Development. Buyer herein consents to the reversion of the undeveloped portions of the Property should some or all of the development phases not be completed. The claw back/ rights of reversion may be asserted against Buyer if phase developments are not completed within the twelve (12) months after the projected completion date of each phase.
9. **SELLER'S BOUNDARY LINE, ACCESS, RESTRICTIONS AND LIEN WARRANTIES.** Seller warrants that buildings, if any, are entirely within the boundary lines of the Real Property. Seller warrants that there is a right of access to the Property from the public right of way. Seller warrants that there has been no labor or material furnished to the Property for which payment has not been made. Seller warrants that there are no present violations of any restrictions relating to the use or improvement of the Property. These warranties shall survive the delivery of the deed or contract for deed.
10. **DISCLOSURE OF NOTICES.** Seller has not received any notice from any governmental authority as to violation of any law, ordinance or regulation. If the Property is subject to restrictive covenants, Seller has not received any notice from any person as to a breach of the covenants.
11. **POSSESSION.** Seller shall deliver possession of the Property not later than the Closing Date. All interest, fuel oil, liquid petroleum gas, and all charges for city water, city sewer, electricity and natural gas shall be prorated between Buyer and Seller as of the Closing Date.
12. **EXAMINATION OF TITLE.** Seller shall, within ten (10) days of the satisfaction of both contingencies of this Agreement, furnish Buyer with an abstract of title or a registered property abstract certified to date including proper searches covering bankruptcies and state and federal judgments, liens and levied and pending special assessments. Buyer shall have ten (10) business days after receipt of the abstract of title or registered property abstract either to have Buyer's attorney examine the title and provide Seller with written objections ("Objections") or, at Buyer's own expense, to make an application for a title insurance policy and notify seller of the application. Buyer shall have ten (10) business days after receipt of the commitment for title insurance to provide Seller with a copy of the commitment and written Objections. Buyer shall be deemed to have waived any title Objections not made within the applicable ten (10) day period for above, except

that this shall not operate as a waiver of Seller's covenant to deliver a statutory warranty deed, unless a warranty deed is not specified above.

13. **TITLE CORRECTIONS AND REMEDIES.** Seller shall have 90 days from receipt of Buyer's written title objections to make title marketable. Upon receipt of Buyer's title objections, Seller shall within ten (10) business days, notify Buyer of Seller's intention to make title marketable within the 90 day period. Liens or encumbrances for liquidated amounts which can be released by payment or escrow from proceeds of closing shall not delay the closing. Cure of the defects by Seller shall be reasonable, diligent and prompt. Pending correction of title, all payments required herein and the closing shall be postponed.
- A. If notice is given and Seller makes marketable title, then upon presentation to Buyer and proposed lender of documentation establishing that title has been made marketable, and if not objected to in the same time and manner as the original title objections, the closing shall take place within ten (10) business days or on the Closing Date, whichever is later.
  - B. If notice is given and Seller proceeds in good faith to make title marketable but the 90 day period expires without title being made marketable, Buyer may declare this Agreement null and void by notice to Seller, neither party shall be liable for damages hereunder to the other, and Earnest Money shall be refunded to Buyer.
  - C. If Seller does not give notice of intention to make title marketable, or if notice is given but the 90-day period expires without title being made marketable due to Seller's failure to proceed in good faith, Buyer may seek, as permitted by law, any one or more of the following:
    - 1. Proceed to closing without waiver or merger in the deed of the objections to title and without waiver of any remedies, and may:
      - (a) Seek damages, costs and reasonable attorney's fees from Seller as permitted by law (damages under this subparagraph (a) shall be limited to the cost of curing objections to title and consequential damages are excluded); or
      - (b) Undertake proceedings to correct the objections to title;
    - 2. Rescission of this Agreement by notice as provided herein, in which case this Agreement shall be null and void and all Earnest Money paid hereunder shall be refunded to Buyer;
    - 3. Damages from Seller including costs and reasonable attorney's fees, as permitted by law;
    - 4. Specific performance within six months after such right of action arises.
  - D. If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller may elect either of the following options as permitted by law:

1. Cancel this Agreement as provided by statute and retain all payments made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this Agreement is a down payment note, and may be presented for payment notwithstanding cancellation;
- E. If title is marketable or is made marketable as provided herein, and Seller defaults in any of the agreements herein, Buyer may, as permitted by law:
1. Seek damages from Seller including costs and reasonable attorney's fees;
  2. Seek specific performance within six months after such right of action arises.

**TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.**

14. **NOTICES.** All notices required herein shall be in writing and delivered personally or mailed to the address as shown at Paragraph 1, above and if mailed are effective as of the date of mailing.
15. **MINNESOTA LAW.** This contract shall be governed by the laws of the State of Minnesota.

**THIS IS A LEGALLY BINDING CONTRACT. BEFORE SIGNING, CONSULT A LAWYER.** Minnesota Law permits licensed real estate brokers and sales agents to prepare purchase agreements. No recommendation or representation is made by either the listing broker or selling broker as to the legal sufficiency, the legal effect or the tax consequences of this contract. These are questions for your lawyer.

I agree to sell the Property for the price and terms and conditions set forth above.

I agree to purchase the Property for the price and terms and conditions set forth above.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MARSHALL

BLOCK 11 MARSHALL, LLC

By: \_\_\_\_\_  
Robert J. Byrnes  
Its: Chair

By: \_\_\_\_\_  
Its: Managing Member

By: \_\_\_\_\_  
Sharon Hanson  
Its: Executive Director

