

**CITY OF OTTERTAIL  
BUILD BIG HOUSING INITIATIVE  
BUILDER DEVELOPMENT AGREEMENT**

THIS AGREEMENT, made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the City of Ottertail, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and \_\_\_\_\_, a \_\_\_\_\_ (the "Builder").

WHEREAS, in order to achieve the objectives of the Ottertail Build Big Housing Initiative by encouraging community growth, improving housing opportunities and placing tax exempt City owned land into productive use for the benefit of the City of Ottertail, County and School District; and

WHEREAS, the City believes that the Ottertail Build Big Housing Initiative, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose 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 that the Builder meets the eligibility criteria of the program and as follows:

**CITY REQUIREMENTS & COVENANTS**

1. The City will sell the Builder the real property described in Exhibit A for \$\_\_\_\_\_ (the current market value of the lot) with the payment terms of One Dollar (\$1) due at closing and the balance deferred for eighteen (18) months or at the time the home is sold to third party that will occupy the property according to the terms of this agreement. At the time the home is sold to the initial occupant, per the terms of this agreement, the remaining balance of the land cost shall be forgiven. If the property is sold to a non-eligible third party, the remaining balance shall be paid in full on or before the date of closing with the non-eligible party.
2. The City will provide the following incentives:
  - a. Pay for the initial closing costs associated with the sale of the real property to the Builder.
  - b. Waive the standard City zoning building fee
  - c. Waive three (3) months of water use fees for the initial occupant commencing from the date that the initial occupant closes on the purchase of the real property described in Exhibit A.

- d. Provide either Tax Abatement or Tax Increment financing assistance (check one box below) to the initial occupant of the home to be constructed described as follows:
  - Tax Abatement Assistance** shall be provided to any person who constructs a new single family home on any of the Arvilla, West Avenue or Maple lots as identified in Exhibit A and who files application materials and seeks formal approval from the City of Ottertail and Otter Tail County between January 1, 2020 and December 31, 2024 may be eligible to receive a 100% rebate of the County & City's share of increased real estate taxes as a result of building a new home, for a period of five (5) years or up to \$5,000 (whichever is met first) provided that all of the criteria outlined in Exhibit B are met; OR.
  - Tax Increment Financing Assistance** of \$12,100 shall be provided to any income eligible household, as established by the Tax Increment Financing Application found in Exhibit C who constructs a new single family home on any of the Happy Acres parcels as identified in Exhibit A and meets the income requirements and rules of the Single Family Home Ownership Assistance Program Rules also found in Exhibit C.
3. The City represents and warrant that is it a municipal corporation and has the power to enter into this agreement and carry out its obligations hereunder.

#### BUILDER REQUIREMENTS & COVENANTS

1. The Builder will complete the applications necessary to qualify for the Build Big Housing Initiative.
2. Upon purchase of the real property, the Builder will construct a home within one (1) year of the closing date of the purchase in accordance with the covenants on the property and in accordance with all local, state and federal laws and regulations including but not limited to environmental, zoning, energy conservation, building code and public health laws and regulations.
3. Completion of the construction of a home per this agreement shall mean that a letter, verifying that the home is habitable and substantially complete, has been issued by the City.
4. If the Builder does not complete construction of a home, per the requirements of this agreement and covenants on the real property, the Builder shall, at its own expense, provide a Quitclaim Deed to return ownership of the real property to the City free of any encumbrances.
5. The Builder covenants that the home constructed on the real property will meet or exceed the standards established by the Land Covenants found in Exhibit D and be sold to a third

party that will use the home as their primary residence for a minimum of (3) three years from the date of purchase..

6. Upon any sale of the property all requirement and covenants of this agreement shall remain in full force and effect for a period of not less than three years from the date of Builder's purchase.
7. The Builder will be responsible for disclosing the Build Big Housing Initiative Program Rules, Information Packet and other Program Materials with any third party buyer.
8. The Builder shall provide the City with a sworn construction statement upon completion of the construction of the home and agrees that it will not sell the home for more than the cost identified plus not more than 8% overhead and profit so that the incentives provided by the Build Big Housing Initiative are passed on to the third party buyer.

#### GENERAL REQUIREMENTS & COVENANTS

1. The Builder will cooperate fully with the City with respect to any litigation commenced with respect to the Project.
2. The Builder and/or initial occupant (third party buyer) will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.
3. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:
  - a. Failure by the Builder and/or initial occupant (third party buyer) to timely pay any ad valorem real property taxes assessed or other City charges with respect to the real property.
  - b. Failure of the Builder and/or initial occupant (third party buyer) to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.
  - c. Failure by the Builder and/or initial occupant (third party buyer) to cause the construction of the Project to be completed pursuant to the terms, conditions, land covenants and limitations of this Agreement.
  - d. The holder of any mortgage on the real property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.
  - e. If the Builder and/or initial occupant (third party buyer) shall:
    - i. file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under

the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

- ii. make an assignment for the benefit of its creditors; or
  - iii. admit in writing its inability to pay its debts generally as they become due; or
  - iv. be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Builder and/or initial occupant (third party buyer) as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Builder and/or initial occupant (third party buyer), or of the Project, or part thereof, shall be appointed in any proceeding brought against the Builder and/or initial occupant (third party buyer), and shall not be discharged within sixty (60) days after such appointment, or if the Builder and/or initial occupant (third party buyer), shall consent to or acquiesce in such appointment.
4. Remedies on Default. Whenever any Event of Default occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Builder and/or initial occupant (third party buyer), but only if the Event of Default has not been cured within said thirty (30) days:
- a. The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Builder and/or initial occupant (third party buyer), deemed adequate by the City, that the Builder and/or initial occupant (third party buyer) will cure its default and continue its performance under this Agreement.
  - b. The City may cancel and rescind the Agreement and the TIF Note.
  - c. The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Builder and/or initial occupant (third party buyer) under this Agreement.
5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair

any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

6. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.
7. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Builder and/or initial occupant (third party buyer) herein contained, the Builder and/or initial occupant (third party buyer) agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.
8. Indemnification of City. The Builder and/or initial occupant (third party buyer) (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.
9. Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Builder and/or initial occupant (third party buyer) agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Builder and/or initial occupant (third party buyer) (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate).
10. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Builder and/or initial occupant (third party buyer) has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF OTTERTAIL, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Clerk-Treasurer

BUILDER

By \_\_\_\_\_

Print Name: \_\_\_\_\_

EXHIBIT A

Description of Real Property

Property located in the City of Ottertail, Otter Tail County, Minnesota with the following Parcel Identification Numbers:

**PARCEL NO.**

**CURRENT MARKET VALUE**

\_\_\_\_\_

\$ \_\_\_\_\_

EXIBIT B

Otter Tail County Tax Abatement Program Criteria & Application



EXHIBIT C

City of Ottertail Single Family TIF Homeownership Rules & Application

EXHIBIT D  
LAND COVENANTS

**BUILD BIG PARCEL COVENANTS**

The City of Ottertail, as the owners of Ottertail Build Big Parcels as listed in Exhibit A, in the City of Ottertail, Otter Tail County, MN according to the certified plat thereof, hereby declare that all Ottertail Build Big Parcels sold or to be, in order to protect the community and landowners, are subject to the restrictions and conditions hereinafter set forth and that such restrictions and conditions shall apply to and be a part of every conveyance or deed of said property or any part thereof the same as though fully incorporated in any deed or conveyance thereof. The said restrictions and conditions shall be deemed and considered as covenants running with the land when conveyed or deeded and shall be binding on the heirs, executors, administration, successors and assigns of any person to whom said land may have been conveyed for a period of thirty (30) years, said restrictions and conditions terminating on December 31, 2050.

1. Property zoned as single family residential purposes only.
2. The dwelling must be the owners' primary residence for the duration of assistance and may not be rented to third a third party.
3. MINIMUM BUILDING SIZE: Single Family Structures
  - 1-story dwelling shall have a ground level floor space of not less than 1,150 livable square feet
  - 1 ½ and 2 story dwellings shall have a floor space of not less than 1,600 square feet
4. All buildings shall be stick built and of new construction and built on permanent foundations.
5. Single family structures shall have a minimum roof pitch of 4/12 of Residential design only, no shouses.
6. A minimum of a two (2) car garage must be constructed within one (1) year of the dwelling becoming occupied as evidenced by the issuance of an occupancy certificate issued by the City.
7. Detached accessory buildings shall be limited to a single floor, have a roof pitch to match the dwelling and the siding of the accessory building must be the same as the dwelling.
8. All homes must install a concrete or bituminous driveway within one year of the issuance of the occupancy certificate.
9. Owner must make an investment in landscaping. At a minimum, the lawn must be seeded or sod installed and a minimum of four trees or shrubs installed on the street side of the property.
10. No window air conditioning units are allowed on the street side of the home.

11. No store, shop or commercial enterprise shall be conducted on any property.
12. No trailer, out building, shed, basement, tent, garage, mobile home, or doublewide mobile home shall be used temporarily, or permanently, as a residence.
13. The said restrictive, covenants contained herein, are for the benefit of any owner of any of the property in said OTTERTAIL BUILD BIG PARCELS in the City of Ottertail, MN and any party breaching said covenants shall be liable for damages to any owner of any property on said parcels, and that any breach of threatened breach of the covenant may be enjoined upon application by the City of Ottertail, their successor or assign; and also by any party who owns any property BUILD BIG PARCELS.
14. No party may do anything contrary to the restrictive covenants contained herein unless they first obtain the permission in writing of majority or all of the persons owning any rights, title estate, lien or interest in any property in said BUILD BIG PARCELS.
15. These covenants shall run with the land and remain in full force and effect until December 31, 2050, at which time they shall terminate.