FORGIVABLE LOAN AGREEMENT

THIS FORGIVABLE LOAN AGREEMENT ("Agreement") is made and entered into this ___ day of ____________, 2026, by and between the City of Ramsey, a Minnesota municipal corporation (the "Lender" or "City") and Elevate Hope House, a Minnesota nonprofit corporation (the "Borrower").

RECITALS

WHEREAS, Borrower and Lender have signed a purchase agreement dated July 15, 2026 (the "Purchase Agreement") for the purchase of approximately .52 acres of vacant land, as legally described in Exhibit A (the "Property"); and

WHEREAS, the City has authority under Minn. Stat. § 477A.35, subd. 2(e)(iv) to use Local Affordable Housing Aid ("LAHA") funds to acquire and construct affordable housing units; and

WHEREAS, the Borrower is proposing a qualifying project under Minn. Stat. § 477A.35, subd. 4(a)(3); and

WHEREAS, the Purchase Agreement is contingent upon the execution of an agreement between Borrower and Lender for use of LAHA funds for the construction of affordable housing units; and

WHEREAS, the Lender has agreed to provide the funds requested via a forgivable loan from the City's Local Affordable Housing Aid Fund pursuant to the terms and conditions contained in this Agreement.

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

ARTICLE 1
Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"**Borrower**" means Elevate Hope House, a Minnesota nonprofit corporation.

"**City**" means the City of Ramsey, a Minnesota municipal corporation.

"**Consideration of Payment**" means loan amount of up to $250,000.

"**Forgivable Loan**" means the funds loaned by the Lender to the Borrower pursuant to this Agreement.

"**Lender**" means the City of Ramsey, a Minnesota municipal corporation.

"**Loan Proceeds**" means the funds disbursed to the Borrower pursuant to this Agreement.

"**Property**" means the real property described in Exhibit A attached hereto.

ARTICLE 2
Financing

Section 2.1. Local Affordable Housing Aid Funds. Money from the City's Local Affordable Housing Aid Funds will be used by the Lender to make a Forgivable Loan to the Borrower of not more than $250,000 to provide cost assistance for project costs related to the purchase of the Property and the construction of up to three (3) units of affordable housing.

ARTICLE 3
Forgivable Loan Terms and Conditions

Section 3.1. Basic Forgivable Loan Terms. The principal amount of the Forgivable Loan shall not exceed $250,000, comprised of (a) $55,000 contribution to the Property price and (b) $195,000 to be applied to the construction of the housing units. The term of the Forgivable Loan is set forth in Section 8.1 of this Agreement.

Section 3.2. Conditions Subsequent to Forgivable Loan.

(a) All housing units constructed by the Borrower on the Property shall meet the Local Affordable Housing Aid requirements for a minimum of five years, including but not limited to 80% AMI income maximum for all renters.
(b) Borrower shall provide City with itemized receipts for the construction of the apartments, acquisition of Property, and related site work totaling $250,000 or more upon completion.

Section 3.3. Assignment. If the Borrower sells, conveys, transfers, further mortgages or encumbers, or disposes of the Property, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Lender must approve in writing if the Borrower is not the beneficiary of the action.

Section 3.4. Termination. This Agreement shall automatically terminate without any notice to Borrower if Borrower fails to satisfy the conditions subsequent pursuant to Section 3.2.

ARTICLE 4
Default and Collateral

Section 4.1. Default. The Borrower shall be in default under this Agreement upon the happening of any one or more of the following events.

(a) The Borrower is in breach in any material respect, of any obligation or agreement under this Agreement (other than nonpayment of any amount payable on the Forgivable Loan) and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach;

(b) If any material covenant, warranty, or representation of the Borrower shall prove to be untrue in any material respect, provided such covenant, warranty, or representation of the Borrower remains untrue in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender;

(c) a final judgment is entered against the Borrower that the Lender reasonably deems will have a material, adverse impact on the Borrower's ability to comply with the Borrower's obligations under this Agreement;

(d) the Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of the Property without the prior written approval of the Lender; or

(e) the Borrower merges or consolidates with any other entity without the prior written approval of the Lender.

Section 4.2. Remedies Upon Default.

(a) In the event of a default, the Lender shall have the right as its option and without demand or notice, to declare all or any part of the Forgivable Loan immediately due and payable, and in addition to the rights and remedies granted hereby, the Lender shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

(b) The Borrower agrees to pay the costs and expenses incurred by the Lender in enforcing its rights under this Agreement, including but not limited to the Lender's attorneys' fees. If any notice of sale, disposition or other intended action by the Lender is required by law to be given to the Borrower, such notice shall be deemed reasonably and properly given if mailed to the Borrower at the Property or at such other address of the Borrower as may be shown herein, at least fifteen (15) days before such sale, disposition or other intended action.

ARTICLE 5
Loan Disbursement Provisions

Section 5.1. Payment Disbursement. The Loan Proceeds shall be disbursed at the closing of the purchase of the Property in the following division: (a) $55,000 shall be paid directly to the City of Ramsey as part of the purchase price of the Property; and (b) $195,000 shall be paid to the Borrower.

ARTICLE 6
Nondiscrimination

Section 6.1. Nondiscrimination. The provisions of Minnesota Statutes, Section 181.59 and any successor statutes, which relate to civil rights and discrimination, shall be considered a part of this

Agreement as though wholly set forth herein and the Borrower shall comply with each such provision through the term of this Agreement.

ARTICLE 7
Borrower's Acknowledgments

Section 7.1. Acknowledgements. The Borrower acknowledges that the Lender, in order to obtain funds for the Loan Proceeds, is using funds provided by the State under the Local Affordable Housing Aid Program. The Borrower acknowledges that nothing contained in this Agreement shall be deemed or construed to create between the State and the Borrower (or, except as Borrower and Lender, between the Lender and the Borrower) any relationship, including but not limited to that of third-party beneficiary, principal and agent, limited or general partnership, or joint venture.

ARTICLE 8
Other Special Conditions

Section 8.1. Forgivable Loan Closeout. The Borrower shall, upon request from Lender, provide the Lender with all documentation necessary to demonstrate that the Loan Proceeds have been used for the items and purposes set forth in this Agreement. Upon submission by Borrower to Lender of reasonable evidence that the proceeds of the Forgivable Loan have been used pursuant to the requirements of Section 3.1 (subject to the Lender's written approval not to be unreasonably withheld, conditioned or delayed) all obligations under this Agreement, and all other documents, covenants, promises and agreements relating to the Forgivable Loan between Borrower and Lender, including Borrower's requirement to repay the Forgivable Loan shall terminate and the Forgivable Loan will be forgiven.

Section 8.2. Release and Indemnification Covenants. Except for any breach of the representations and warranties of the Lender or the gross negligence or other wrongful act or omission of the following named parties, the Borrower agrees to protect and defend the Lender and the governing body members, officers, agents, servants, and employees thereof, 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 Borrower's activities on the Property.

Section 8.3. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Borrower and the Lender.

Section 8.4. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) As to the Lender: City of Ramsey
Attn: Brian Hagen, City Administrator

7550 Sunwood Dr NW
Ramsey, MN 55303

(b) As to the Borrower: Elevate Hope House
Attn: Melinda McDermott
2168 7th Avenue, #845
Anoka, MN 55303

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

Section 8.5. Binding Effect. The covenants and agreements in this Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Agreement.

Section 8.6. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

Section 8.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 8.8. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of law provisions. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 8.9. Entire Agreement. This Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Agreement.

Section 8.10. Severability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 8.11. Immunity. Nothing in this Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

(remainder of page left blank intentionally; signature pages to follow)

IN WITNESS WHEREOF, the Lender has caused this Agreement to be duly executed in its name and behalf and the Borrower has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

LENDER:

CITY OF RAMSEY

By ___________________________

Ryan Heineman

Its Mayor

By ___________________________

Brian Hagen

Its City Administrator

BORROWER:

ELEVATE HOPE HOUSE

a Minnesota nonprofit corporation

By: _________________________________

Melinda McDermott

Its: President

EXHIBIT A
Legal Description of Property

PID: 28-32-25-31-0023

Outlot B, COR STONE BROOK ACADEMY, Anoka County, Minnesota