PROOF OF OWNERSHIP/ PURCHASE AGREEMENT

PURCHASE AGREEMENT

THIS AGREEMENT, dated as of _____, ("Agreement") is by and between Sherburne County Housing and Development Authority, a Minnesota governmental authority ("Seller"), and _____ ("Buyer").

In consideration of this Agreement, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following property (collectively, "Property"):

   1.1 Real Property. The real property (collectively, "Real Property") comprised of (i) the land ("Land") located in Sherburne County, Minnesota and legally described on the attached Exhibit A; (ii) all improvements, constructed or located on the Land (collectively, "Improvements"); and (iii) all easements and rights benefiting or appurtenant to the Land.

   1.2 Contracts, Permits, Warranties, Records, Miscellaneous. Seller's interests in the following items, if any, all of which relate to the Property: any contracts (collectively, "Contracts"); all permits and licenses (collectively, "Permits"); all warranties and guaranties relating to the Property (collectively, "Warranties"); and all business records, including real estate taxes, assessments, insurance, and engineering reports (collectively, "Records"). The Contracts, Permits, Warranties and Records, along with Seller's existing Property surveys and commitments for, and policies of, title insurance for the Property are collectively, "Seller's Due Diligence Materials".

2. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") to be paid for the Property is $_____. The Purchase Price is payable as follows:

   2.1 $_____ as earnest money ("Earnest Money") which Earnest Money will be held by the Title Company.

   2.2 $_____ by wire transfer of funds on the Closing Date.

3. Contingencies.

   3.1 The "Contingency Date" is the later of (i) 120 days after the date on which Buyer receives the last of the Due Diligence Materials, the Title Commitment, the Survey and the Third Party Reports; or (ii) 10 days after the date on which Buyer satisfies the contingencies under Section 3.6 below.

(i) If, however, Buyer is using all commercially reasonable efforts to complete the governmental approvals or inspections of the Property but has not completed such approvals or inspections by the initial Contingency Date, then Buyer may, with written notice to Seller delivered by the initial Contingency Date, extend the Contingency Date by 30 days.

(ii) If the City of Elk River Zoning, Subdivision or building code cannot be met or is not approved, Buyer and Seller will agree to extend the Contingency Date for an additional period of 30 days, such extension to be added to either the initial Contingency Date or, if Buyer has extended the Contingency Date by 30 days in accordance with Section 3.1(i), added to the Contingency Date as extended.

If any contingency has not been satisfied on or before the date identified below, then this Agreement may be terminated by written notice from Buyer to Seller, which notice must be given not more than five days after the date identified below for the respective contingency. Upon termination, the Earnest Money, and any interest accrued thereon, must be released to Buyer and upon return; neither party will have any further rights or obligations regarding this Agreement or the Property. All the contingencies are specifically for the benefit of the Buyer, and the Buyer has the right to waive any contingency by written notice to Seller. The obligations of Buyer under this Agreement are contingent upon each of the following:

3.2 Representations and Warranties. The representations and warranties of Seller contained in this Agreement must be true now and on the Closing Date as if made on the Closing Date.

3.3 Title. Title shall have been found acceptable, or been made acceptable, in accordance with the requirements and terms of Section 6 below.

3.4 Access and Inspection. Seller must allow Buyer and its agents access to the Real Property without charge and at all reasonable times for the purpose of Buyer's investigation and testing the same. Seller shall make available to Buyer and Buyer's agents without charge all plans and specifications, records, inventories, permits and correspondence in Seller's possession relating to environmental or Hazardous Substances (as defined below) affecting the Property. Buyer shall pay all costs and expenses of such investigation and testing, shall restore the Real Property, and shall hold Seller and the Real Property harmless from all costs and liabilities relating to Buyer's activities. By the Contingency Date, Buyer must be satisfied with the results of all tests and investigations performed by it or on its behalf.

3.5 Document Review. Buyer must have determined, in its sole judgment, on or before the Contingency Date, that it is satisfied with its review and analysis of the Contracts, Permits, Warranties, Plans, Records and Permitted Encumbrances. Seller must, on or before the date that is 10 days after the date of this Agreement, if at all possible, deliver to Buyer copies of all such documents for review.

3.6 Government Approvals. Buyer must have obtained at its sole cost and expense on or before the Closing Date all final governmental approvals necessary in Buyer's judgment in order to make the use of the Property which Buyer intends, including, without limitation, the approval of any rezoning and platting of the Property, approval of any Development Plan and Project Plans as well as the issuance of any necessary conditional use or similar permit or other zoning approvals. Seller shall cooperate in all reasonable respects with Buyer in obtaining such approvals, and shall execute such applications, permits and other documents as may be reasonably required in connection therewith.

3.7 Seller Approvals. Seller obtaining all approvals from the Sherburne County Housing and Development Authority, City of Elk River (through its council and/or planning commission), Minnesota and the Sherburne County Board of Commissioners, to sell the Property to Buyer.

4. Closing. The closing ("Closing") of the purchase and sale contemplated by this Agreement (the "Closing") must occur on the date (the "Closing Date") identified in writing by Buyer; however, in any event the date must not be later than the date that is 120 days after the Contingency Date. The Closing must take place at the Title Company. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.

4.1 Seller's Closing Documents. On the Closing Date, Seller shall execute and deliver to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:

4.1.1 Deed. A Limited Warranty Deed conveying the Real Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances hereafter defined.

4.1.2 Assignment of Contracts, Permits, Warranties and Miscellaneous Documents. An Assignment of any Contracts, Permits, Warranties and miscellaneous documents conveying Seller's interest to Buyer, if necessary.

4.1.3 Original Documents. To the extent not already delivered to Buyer, original copies of the Seller's Due Diligence Materials.

4.1.4 FIRPTA Affidavit. A non-foreign affidavit, properly executed, containing such information as is required by Internal Revenue Code Section 1445(b)(2) and its regulations.

4.1.5 IRS Forms. A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

4.1.6 Well Certificate. A Certificate signed by Seller warranting that there are no "Wells" on the Property within the meaning of Minn. Stat. § 103I or if there are "Wells", a Well Certificate in the form required by law.

4.1.7 Storage Tanks. If the Property contains or contained a storage tank, an affidavit with respect thereto, as required by Minn. Stat. § 116.48.

4.1.8 Other Documents. All other documents reasonably determined by Buyer or Title to be necessary to transfer the Property to Buyer free and clear of all encumbrances except Permitted Encumbrances.

4.2 Buyer's Closing Documents. On the Closing Date, Buyer will execute and deliver to Seller the following (collectively, "Buyer's Closing Documents"):

4.2.1 Purchase Price. Funds representing the Purchase Price, by wire transfer and execution or delivery of any required Seller's financing documents.

4.2.2 Assumption Agreement. An Assumption Agreement, if necessary, by which Buyer will assume all obligations of Seller under the Leases, Contracts and Permits that accrue after the Closing Date, but only to the extent that Buyer elects, at is option, to assume the same.

4.2.3 IRS Form. A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

5. Prorations. Seller and Buyer agree to the following pro-rations and allocation of costs regarding this Agreement:

5.1 Title Insurance and Closing Fee. Seller will pay all costs of the Title Commitment and the fees charged by Title for all or any endorsements or escrows required regarding Buyer's Objections. Buyer will pay all title insurance premiums. Seller and Buyer will each pay one-half of any closing fee or charge imposed by any closing agent or by the Title

Company, as defined in Section 6; provided, however, that Buyer will pay for Seller's portion of these costs in excess of $5,000.

5.2 Deed Tax. Seller shall pay all State Deed Tax payable in connection with this transaction.

5.3 Real Estate Taxes and Special Assessments. Notwithstanding any local custom or practice to the contrary, or allocation, general real estate taxes and installments of special assessments payable therewith payable in the current calendar year shall be prorated between Seller and Buyer as of the Closing Date based upon the current calendar fiscal year. Seller shall pay on or before closing all of the general real estate taxes payable in previous calendar year and installments of special assessments payable therewith, and Buyer shall pay all of the general real estate taxes payable in subsequent calendar year and thereafter and all installments of special assessments payable therewith.

5.4 Other Costs. All other operating costs of the Property shall be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that part of operating costs payable before the Closing Date, and Buyer pays that part of operating costs payable from and after the Closing Date.

5.5 Attorney's Fees. Each of the parties will pay its own attorney's fees.

6. Title Examination. Title Examination will be conducted as follows:

6.1 Seller's Title Evidence. Seller shall, within 10 days after the date of this Agreement or as soon as the information is available and to the extent not previously furnished to Buyer, furnish the following evidence (collectively, "Title Evidence") to Buyer: (a) a commitment ("Title Commitment") for an ALTA Form Owner's Policy of Title Insurance insuring title to the Real Property in the amount of the Purchase Price, issued by _____ (the "Title Company"); and (b) Seller's most recent survey, if any, of the Property.

6.2 Buyer's Objections. Within 10 days after receiving the last of the Title Evidence, Buyer will make written objections ("Objections") to the form and/or contents of the Title Evidence. Buyer's failure to make Objections within such time period will constitute waiver of the Objections. Those matters shown in the Title Evidence and not objected to by Buyer are "Permitted Encumbrances" hereunder. Seller will have 60 days after receipt of the Objections to cure the Objections, during which period the Closing will be postponed, if necessary. Seller shall use commercially reasonable efforts to correct any Objections. If the Objections are not cured within such 60-day period, Buyer will have the option to do any of the following:

6.2.1 Terminate this Agreement and receive a refund of the Earnest Money and the interest accrued and unpaid on the Earnest Money, if any.

6.2.2 Waive the objections and proceed to close.

7. Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Closing Date (the "Executory Period"), Seller shall operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards, including the maintenance of adequate liability insurance and insurance against loss by fire, windstorm and other hazards, casualties and contingencies, including vandalism and malicious mischief. Seller shall execute no contracts, leases or other agreements regarding the Property during the Executory Period that are not terminable on or before the Closing Date, without the prior written consent of Buyer, which consent may be withheld by Buyer at its sole discretion.

8. Representations and Warranties by Seller. Seller will indemnify Buyer, its successors and assigns, against, and will hold Buyer, its successors and assigns, harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the breach of any of the below representations and warranties, whether such breach is discovered before or after Closing. Wherever herein a representation is made "to the best knowledge of Seller", such representation is limited to the knowledge of the Sherburne County HRA. Except as herein expressly stated, Buyer is purchasing the Property based upon its own investigation and inquiry and is not relying on any representation of Seller or other person and is agreeing to accept and purchase the Property "as is, where is" subject to the conditions of examination herein set forth and the express warranties herein contained. Consummation of this Agreement by Buyer with knowledge of any such breach by Seller will constitute a waiver or release by Buyer of any claims due to such breach. Seller represents and warrants to Buyer as follows:

8.1 Existence; Authority. Seller is duly organized, qualified and in good standing, and has the requisite power and authority to enter into and perform this Agreement and Seller's Closing Documents; such documents have been duly authorized by all necessary action; such documents are valid and binding obligations of Seller, and are enforceable in accordance with their terms.

8.2 Leases. There are no possessory rights of others regarding the Real Property.

8.3 Contracts. Seller has made available to Buyer a correct and complete copy of each Contract and its amendments which will survive a closing hereunder.

8.4 Assessments. Seller has received no notice of actual or threatened special assessments or reassessments of the Real Property. The Property is, and to Seller's best knowledge has been, used in compliance with all governmental permits.

8.5 Environmental Laws. To the best of Seller's knowledge and except to the extent set forth to the contrary in Seller's _____ Phase I Assessment of the Property (a copy of which Buyer has received), no toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, and any hazardous substance as defined in any Environmental Law (collectively, "Hazardous Substances") have been generated, treated, stored, transferred from, released or disposed of, or otherwise placed, deposited in or located on the Property in violation of any Environmental Law, nor has any activity been undertaken on the Property that would cause or contribute to the Property becoming a treatment, storage or disposal facility within the meaning of any Environmental Law. The term "Environmental Law" shall mean any and all federal, state and local laws, statutes, codes, ordinances, regulations, rules, policies, consent decrees, judicial orders, administrative orders or other requirements relating to the environment or to human health or safety associated with the environment, all as amended or modified from time to time. To the best of Seller's knowledge, there has been no discharge, release or threatened release of Hazardous Substances from the Property, and there are no Hazardous Substances or conditions in or on the Property that may support a claim or cause of action under any Environmental Law. The Property is not now, and to the best of Seller's knowledge never has been, listed on any list of sites contaminated with Hazardous Substances, nor used as landfill, dump, disposal or storage site for Hazardous Substances.

8.6 Seller's Defaults. To the best knowledge of Seller, Seller is not in default concerning any of its obligations or liabilities regarding the Property.

8.7 FIRPTA. Seller is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate", as those terms are defined in Section 1445 of the Internal Revenue Code.

8.8 Proceedings. There is no action, litigation, investigation, condemnation or proceeding of any kind pending or, to the best knowledge of Seller, threatened against Seller or any portion of the Property.

8.9 Wells. The Seller certifies and warrants that the Seller does not know of any "Wells" on the described Property within the meaning of Minn. Stat. § 103I. This representation is intended to satisfy the requirements of that statute.

8.10 Storage Tanks. To the best knowledge of Seller after due inquiry, no above ground or underground tanks are located in or about the Property, or have been located under, in or about the Property and have subsequently been removed or filled.

8.11 Reports. Seller has delivered to Buyer copies of all environmental reports and studies relating to the Property which are in the possession of Seller.

8.12 Sewage Treatment System Disclosure. For the purposes of satisfying any applicable requirements of Minn. Stat. § 115.55, et seq. Seller discloses and certifies that:

a) No sewage is generated on the Property; and

b) Seller has no knowledge of the existence of an abandoned individual sewage treatment system on the Property.

9. Casualty; Condemnation. If all or any part of the Property is substantially damaged by the elements or any other cause, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back all Earnest Money by giving notice within thirty (30) days after Seller's notice. If eminent domain proceedings are threatened or commenced against all or any part of the Property, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back all Earnest Money by giving notice within thirty (30) days after Seller's notice. If Buyer shall fail to give the notice, then the parties shall proceed to Closing, and Seller shall assign to Buyer all rights to appear in and receive any award from such proceedings.

10. Broker's Commission. Seller and Buyer represent to each other that they have not dealt with other brokers, finders or the like in connection with this transaction other than _____ for the Buyer, and Buyer agrees to indemnify and hold Seller harmless from all claims, damages, costs or expenses of or for any other such fees or commissions resulting from its actions or agreements regarding the execution or performance of this Agreement, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by Seller, including reasonable attorneys' fees.

11. Assignment. Neither party may assign its rights under this Agreement without the prior written consent of the other party; provided, however, that Seller will not unreasonably withhold its consent to Buyer's assignment if the subsequent Purchaser can fulfill the terms of the Development Plan and Project Plan and meet all other conditions. This provision shall survive the Closing and shall be in effect for a period of ____ years. No assignment of this Agreement will relieve an assigning party of its obligations under this Agreement.

12. Survival. All of the terms of this Agreement and warranties and representations herein contained shall survive and be enforceable after the Closing.

13. Notices. Any notice required or permitted hereunder shall be given by personal delivery upon an authorized representative of a party hereto; or if mailed by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as set forth below. Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit, as aforesaid; provided, however, that if notice is given by deposit, the time for response to any notice by the other party commences to run one business day after any such deposit. Any party may change its address for the service of notice by giving notice of such change 10 days prior to the effective date of such change.

If to Seller: Sherburne County Administrator's Office
13880 Business Center Drive NW Elk River, MN 55330
Attn: County Administrator
Fax #: 763-765-3002

Sherburne County Attorney Office
13880 Business Center Drive NW Elk River, MN 55330
Attn: County Attorney
Fax #: 763-765-4747

If to Buyer: **[To be provided.]**

14. Miscellaneous. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement, and no waiver of any of its terms will be effective unless in writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

15. Remedies. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement, and upon such termination Seller will retain the Earnest Money, and all interest accrued thereon, as liquidated damages. Seller's retention of the Earnest Money is Seller's sole and exclusive remedy in the event of a Buyer default under this Agreement. If Seller defaults under this Agreement, Buyer shall have the right to terminate this Agreement by giving written notice to Seller. If Seller fails to cure such default within 15 days (or such reasonably longer period of time if such failure is incapable of cure within such fifteen-day period) after the date of such notice, Buyer shall, as its sole and exclusive remedies, either (i) terminate this Agreement and recover the Earnest Money (and all interest accrued thereon; or (ii) seek specific performance of this Agreement by commencing suit therefore within three months after the date on which Buyer

terminates this Agreement. If Seller defaults under this Agreement, damages shall not exceed the liquidated damages of $_____.

16. Seller's Project Plan and Development Plan. Buyer shall provide, no later than the Contingency Date (as such date may be extended in accordance with the terms of this Agreement), all needed information to Seller, and cooperate with Seller, to complete the required Project Plan and Development Plan (the "Project Plan and the Development Plan") as required by statute for the City of Elk River, Sherburne County Board of Commissioners and Sherburne County Housing and Development Authority, and to conduct the required public hearings and obtain the necessary approvals for the transaction contemplated by this Agreement. _____ is Buyer's primary contact person for the Housing and Redevelopment Authority, the County and City of Elk River to facilitate the preparation of the Project Plan and Development Plan and to schedule all required public hearings.

[The balance of this page is intentionally left blank.]

Seller and Buyer have executed this Agreement as of the date first written above.

SELLER:

SHERBURNE COUNTY HOUSING AND DEVELOPMENT AUTHORITY

By: _____
Its: _____

BUYER:

[TO BE PROVIDED.]
By: _____
Its: _____

H:\CIVIL\DEPARTMENT - ADMINISTRATOR'S OFFICE\ECONOMIC DEVELOPMENT \SALE OF REMANENT LANDS AT COURTHOUSE\AMENDED PURCHASE AGREEMENT .DOC

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY