

PRE-DEVELOPMENT LETTER OF INTENT AGREEMENT

WHEREAS the City of Hendricks Economic Development Authority (EDA), hereinafter the Seller, is in the process of establishing and developing residential real estate development; and

WHEREAS prior to beginning the construction of roads, utilities, and other infrastructure, the Seller must have at least two perspective buyers who have committed to purchasing Lots in the Kings Court housing subdivision if it is developed; and

WHEREAS _____, hereinafter the Buyer(s), express an interest in purchasing the Lot and building a single family home on one of the Lots in the subdivision.

NOW THEREFORE the parties agree as follows:

1. The Buyer agrees to buy and Seller agrees to sell Lot Number _____ in the Kings Court Housing Subdivision being established in Hendricks, Minnesota, for \$34,000.00 dollars, provided that the remaining conditions set out in this Letter of Intent are met. See attached Exhibit A for a proposed plat layout and lot numbers.
2. The Buyer agrees to pay to the Seller the amount of \$500.00 to hold a Lot in demonstration of good faith to purchase the Lot should the remaining conditions be met.
3. The \$500.00 deposit will be held in escrow and, if the subdivision is not developed within one year from the date of this Letter of Intent or if the other requirements of this agreement are not met, the money will be returned to the Buyer.
4. If the Seller meets all of the conditions in this Letter of Intent, and the Buyer does not enter into the purchase agreement within 120 days of the conditions being met, the Seller may keep the \$500.00 as liquidated damages. If Buyer and the Seller enter into a purchase agreement the \$500.00 will be applied to the purchase price of the lot.
5. The Seller will provide to all individuals who qualify within the income guidelines set out in the Tax Increment Financing District, which includes the Kings Court Subdivision, an incentive of not less than a \$13,000.00 offset from the purchase price, provided that the Buyer substantially completes a single family home within one year of the date the Lot is purchased. The Seller may require the buyer to execute a promissory note and mortgage for the amount of the tax increment financing benefit which will be forgiven upon substantial completion of a home on the lot within the one year period.
6. The parties understand that there will be protective covenants related to the property to ensure that the development of the subdivision is done in a substantially uniform manner to preserve the property values and aesthetics for all people building a home in the subdivision. Those protective covenants will be substantially the same as the draft attached to this agreement as Exhibit B.

7. Provided that the Seller is able to obtain two or more commitments to purchase Lots and is able to provide the Lots at an amount not to exceed the purchase price stated above and meet the remaining conditions in this letter, the parties agree to enter a purchase agreement which will both specifically identify the property purchased, and otherwise substantially comply with the intent of the parties as set forth in this Letter of Intent.

BUYER

CITY OF HENDRICKS EDA

By: Jeff Gollaher, its President

By: Paul Olson, its Secretary