

PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement (“Agreement”) is made on this 27th day of April, 2022 (the “Effective Date”), by and between Independent School District No. 256, Red Wing Public Schools, a Minnesota body corporate and politic (the “District”) and Goodhue County Habitat for Humanity, a Minnesota nonprofit corporation (the “Buyer”), each referred to as a “party” and collectively as the “parties”.

2. **SUBJECT PROPERTY.** The District is the owner of that certain real property located at 316 Goodhue Street, Red Wing, County of Goodhue, State of Minnesota, (PID No. 55.241.0320) legally described on the attached Exhibit A (the “Property”).

3. **OFFER/ACCEPTANCE.** In consideration of the mutual agreement herein contained, the Buyer offers and agrees to purchase, and the District agrees to sell and hereby grants to the Buyer the exclusive right to purchase the Property, together with all appurtenances thereto.

4. **PERSONAL PROPERTY.** The Buyer acknowledges that no personal property is included in the sale of the Property.

5. **PURCHASE PRICE AND TERMS.**

A. **Purchase Price.** The Buyer shall pay the District twenty-five thousand dollars (\$25,000.00) for the Property (the “Purchase Price”). This transaction does not qualify as a business subsidy under the Business Subsidy Act, Minnesota Statutes, Section 116J.993.

B. **Earnest Money.** Upon execution of this Agreement by both parties, the Buyer shall pay by check \$1,000.00 in earnest money to the District (the “Earnest Money”). The Earnest Money shall be deducted from the Purchase Price at Closing.

C. **Balance Due to District.** The Buyer agrees to pay the Purchase Price, less the Earnest Money, to the District by certified or cashier’s check or by wire transfer at Closing.

6. **CLOSING.** The closing of the purchase and sale contemplated by this Agreement (the “Closing”) shall be on June 13, 2022 or such other date as agreed upon in writing as signed by the parties (the “Closing Date”). The Closing shall occur at the District’s district office at 2451 Eagle Ridge Drive, Red Wing, MN 55066, or at a location as mutually agreed to by the parties. The District shall deliver possession of the Property to the Buyer on the Closing Date.

A. **District’s Closing Documents.** On the Closing Date, the District shall execute and deliver to the Buyer the following (collectively, the “District’s Closing Documents”), all in form and content reasonably satisfactory to the District and the Buyer:

i. **Deed.** A quit claim deed conveying the Property to the Buyer.

- ii. Seller's Affidavit. A seller's affidavit as required by the title company to issue an owner's policy of title insurance with the standard exceptions waived.
- iii. Original Documents. Original copies of any permits, plans, and records in the District's possession.
- iv. FIRPTA Affidavit. Affidavit of the District confirming that the District is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code.
- v. Well Disclosure Certificate. A completed Minnesota Well Disclosure Certificate or a statement that the District is not aware of any wells on the Property.
- vi. ALTA Statement. ALTA Statement or other form of Settlement Statement prepared by the Title Company.
- vii. Bring-Down Certificate. A certificate in a form acceptable to the Buyer, signed by an authorized representative of the District, certifying that the District's representations and warranties as contained in this Agreement are true now and on the Closing Date as if made on the Closing Date
- viii. Other Documents. Any other documents reasonably required in order to complete the transaction contemplated by this Agreement.

B. Buyer's Closing Documents. The Buyer shall, where applicable, join with the District in the execution and delivery of the closing documents and instruments as may be required by the Title Company. On the Closing Date, the Buyer shall execute, as appropriate, and deliver to the District the following (collectively, the "Buyer's Closing Documents"):

- i. Purchase Price. The balance of the Purchase Price, as adjusted for any Earnest Money pursuant to this Agreement.
- ii. Documents of Authority. Authorizing resolutions or evidence of the Buyer's authority and authorization to enter into this transaction as may be required by the Title Company.
- iii. Other Documents. Such affidavits of the Buyer, certificates of value, or other documents as may be reasonably required in order to complete the transaction contemplated by this Agreement.

7. CONTINGENCIES. The following contingencies must be exercised by the Buyer by giving written notice to the District on or before 30 calendar days before the Closing Date (the "Contingency Date"):

- A. Third Party Approvals. The Buyers has obtained from any third party, at its sole cost and expense, on or before the Contingency Date, any consents, agreements, approvals, and adequate assurances that are legally necessary for them to use the Property as intended. Any consents, agreements, approvals, and adequate assurances must be obtained at the Buyer's expense. The District agrees to cooperate with the Buyer in requesting said third party approvals.
- B. Title Commitment. The Buyer's obligation to close hereunder is subject to its approval of a commitment of title covering the Property and all underlying exceptions to be obtained by the Buyer at the Buyer's sole cost and expense.

If, on or before the Contingency Date or if required earlier by this Agreement, the Buyer determines that any of its contingencies listed in this Section have not been satisfied in its sole discretion, then this Agreement may be terminated by written notice from the Buyer to the District, which notice must be given no later than the Contingency Date. If the Buyer fails to give the District written notice of termination on or before the Contingency 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 the Buyer in accordance with this Section, the District shall return the Earnest Money to the Buyer and neither party shall have any further rights or obligations to each other under this Agreement. All of the contingencies set forth in this Agreement are specifically stated and agreed to be for the sole and exclusive benefit of the Buyer and the Buyer shall have the right to unilaterally waive any or all of the contingencies by written notice to the District.

8. TITLE EXAMINATION. Title examination shall be conducted as follows:

- A. No later than 10 business days after receiving the Title Commitment, if any, the Buyer must make written objections ("Objections") to the marketability of title to the Property based on the title evidence. If the Buyer elects to obtain a survey, objections based upon the survey must be made within seven business days after receipt of said survey but in no event later than the Contingency Date. The Buyer's failure to make Objections within such time period will constitute a waiver of Objections. Any matter shown on such title evidence, other than a mortgage or other lien and not objected to by the Buyer shall be a permitted encumbrance hereunder. Within seven business days after receipt of the Buyer's Objections, the District shall notify the Buyer in writing if the District elects not to cure the Objections. If such notice is given within said seven-day period, the Buyer may either waive the Objections or terminate this Agreement by giving written notice of termination to the District within 10 business days after the District's notice is given to the Buyer. If written notice by the District is not given within the 10-day period, the District shall use commercially reasonable efforts to correct any Objections within 20 business days after the expiration of the 10-day period ("Cure Period"). If the title company is willing to issue a title insurance policy to the Buyer that does not except from title insurance coverage an item to which the Buyer has objected, the objection relating to such item shall be deemed cured. If the Objections are not cured within the Cure Period, the Buyer shall have the option to do any of the following:

- i. Terminate this Agreement by giving written notice to the District within 10 days after the expiration of the Cure Period and neither the District nor the Buyer shall have further rights or obligations hereunder. In that event the District shall return the Earnest Money to the Buyer.
- ii. Waive the objections and proceed to Closing without reduction in the Purchase Price. In that event, the Closing Date shall be extended by a period not exceeding 180 days in order to allow the parties to resolve Objections.

The Buyer shall make its election within 10 days after expiration of the District's Cure Period. A failure to make an election within such period shall be deemed an election to proceed to close pursuant to Subsection ii, above.

9. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. Real estate taxes due and payable in connection with the Property for all prior years shall be paid by the District. Real estate taxes, excluding penalties and interest, if any, due and payable in the year in which Closing occurs shall be prorated as of the date of the Closing. The Buyer shall be responsible for all real estate taxes due and payable as of the date of Closing, if any. All unpaid special assessments which have not been levied as of the date of the Closing shall be paid by the District on the date of Closing. If any special assessments become pending after the date of this Agreement and before the date of Closing, the Buyer may, at the Buyer's option:

- A. Assume payment of the pending special assessment without adjustment to the Purchase Price of the Property; or
- B. Require the District to pay the pending special assessment and the Buyer shall pay a commensurate increase in the Purchase Price; or
- C. Declare this Agreement null and void by sending written notice to the District, and the Earnest Money shall be refunded to the Buyer.

10. REPRESENTATIONS AND WARRANTIES OF THE DISTRICT. The District represents and warrants to the Buyer that the following are true in all material respects now and, as modified by any changes about which the District notifies the Buyer in writing following the Execution Date, will be true in all material respects on the Closing Date:

- A. Authority. The District is a political subdivision duly created under and subject to the laws of the State of Minnesota; the District has the requisite power and authority to enter into and perform this Agreement and execute those closing documents signed by it.
- B. Title. The District is the fee owner of the Property.
- C. Rights of Others to Purchase the Property. The District has not entered into any other contracts for the sale of the Property, nor are there any rights of first refusal

or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.

- D. Legal Proceedings. There is no action, litigation, investigation, condemnation, or proceeding of any kind pending or, to the best of the District's knowledge without investigation, threatened against any portion of the Property, and the District has no actual knowledge that any such action is contemplated.
- E. Bankruptcy. No action or proceeding shall have been commenced by or against the District under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors, and no attachment, execution, lien, or levy shall have attached to or been issued with respect to the District's interest in all or a portion of the Property.
- F. Wells. The District represents that it does not know of any wells on the Property.
- G. Underground Storage Tanks. The District represents that it does not know of any underground storage tanks located on the Property.
- H. Sewage Treatment Systems. No individual sewage treatment system exists on the Property.
- I. Methamphetamine Production. To the best of the District's knowledge, methamphetamine production has not occurred on the Property.
- J. Foreign Status. The District is not a "foreign person" as such term is defined in the Internal Revenue Code.
- K. Eminent Domain. To the best of the District's knowledge, there is no existing, proposed, or threatened eminent domain or similar proceeding, or private purchase in lieu of such a proceeding which would affect the Property in any material way.
- L. Third Parties in Possession. The District represents that there are no lessees, tenants, or third parties in possession of the Property.

The District's representations shall be true, accurate and complete in all material respects as of the date of this Agreement, and as modified by any notice or notices given by the District to the Buyer before or on the Closing Date. If any time prior to Closing, the Buyer determines that any representation herein made by the District was not true in all material respects when made, the Buyer's sole remedy shall be to terminate this Agreement by giving notice to the District and seeking any applicable remedies for such breach. In the event of such a breach by the District, the District shall return the Earnest Money to the Buyer.

Any claim by the Buyer not made pursuant to the Notice provision of this Agreement before the Closing Date shall be deemed waived.

11. REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer represents and warrants to the District as follows:

- A. Organization and Authority. The Buyer has the requisite power and authority to enter into and perform this Agreement and all agreements and documents referenced herein and to acquire the Property in accordance with this Agreement. The person signing this Agreement and the Buyer's closing documents on behalf of the Buyer is authorized to do so.
- B. Consents. As of the Closing Date, the Buyer will have obtained all consents and approvals required to consummate the transactions contemplated in this Agreement.
- C. Indemnification for the Buyer's Investigation. The Buyer shall promptly pay when due any and all charges related to its any inspections or investigations of the Property.

The representations and warranties contained in this Section shall survive Closing and shall be true and correct on the Effective Date and the Closing Date.

12. "AS IS, WHERE IS." The Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation of warranties, express or implied, either oral or written, made by the District or any official, employee or agent of the District with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. The Buyer acknowledges and agrees that the District has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, buildability, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties the District hereby expressly disclaims, except as stated above. The Buyer is relying entirely upon information and knowledge obtained from the Buyer's own investigation, experience and knowledge obtained from the Buyer's own investigation, experience, or personal inspection of the Property. The Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and releases and indemnify the District from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Hazardous and Solid Waste Amendments Act, the Resource Conservation and Recovery Act ("RCRA"), the federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act and the Hazardous Materials Transportation Act, all as amended, and all other comparable federal, state or local environmental conservation or protection laws, rules or regulations. The foregoing assumption and release shall survive closing. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations of any nature. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at closing.

13. NOTICES. Any notice or other communication which must or may be given under the terms of this Agreement shall be deemed sufficiently given or rendered in writing, and delivered to either party personally; or if mailed by United States registered or certified mail to the addresses set forth below, or such future addresses as may be subsequently supplied by the parties hereto to each other, return receipt requested, postage prepaid; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

A. If to the Buyer:

Goodhue County Habitat for Humanity
Attn: Executive Director
1407 West 4th Street
Red Wing, MN 55066

B. If to the District:

Independent School District No. 256
Attn: Superintendent
2451 Eagle Ridge Drive
Red Wing, MN 55066

With a copy to:

Kennedy & Graven, Chartered
Attn: Sarah Sonsalla
150 South Fifth Street, Suite 700
Minneapolis, MN 55402

or such other address as either party may give to the other in accordance with this Section.

14. TERMINATION. If the District fails to perform its obligations hereunder or if any representation or warranty of the District set forth in this Agreement shall not be true and accurate as of the date stated and as of the date of Closing, the Buyer shall have the option to terminate this Agreement by providing notice to the District according to the notice provision above. Upon the receipt of such notice terminating this Agreement, the District shall refund to the Buyer the Earnest Money. Upon refund of the Earnest Money, this Agreement shall automatically terminate and be of no further force and effect and all liability of the parties hereto to each other shall be discharged. If the Buyer shall default in the performance of any of the Buyer's obligations hereunder, then the District's sole remedy shall be to terminate this Agreement and retain the Earnest Money as liquidated damages for said default.

15. CLOSING COSTS. The District shall pay any Closing Costs up to \$2,000 associated with this transaction and its own legal and accounting fees associated with this transaction. The Buyer shall pay all Closing Costs that exceed \$2000, and its own legal and accounting fees associated with this transaction. For purposes of this paragraph, "Closing Costs" include the following costs, the cost to make title marketable, including any recording costs; the cost of any state deed tax, conservation

fee, or other federal, state, or local documentary or revenue stamps or transfer tax with respect to the quit claim deed to be delivered by the District; the cost of the title insurance commitment and any title search and examination fees; all premiums required for the issuance of a title insurance policy and any endorsements; any fees for standard searches with respect to the District and the Property; the fees of any surveys, inspection reports, appraisals, or other tests or reports ordered by the Buyer; recording fees and charges related to the recording of the quit claim deed; and any closing and escrow fees charged by the title company.

16. REMEDY; PROCEEDING TO CLOSE. In the event that any of the District's representations, warranties or covenants set forth in this Agreement are not true and correct as of the Closing Date, the Buyer may, in addition to its other remedies, elect to close under this Agreement notwithstanding the failure of such representation or warranty.

17. SURVIVAL. The parties' obligations under this Agreement and the representations and warranties which the parties have recited in this Agreement shall survive the District's delivery of its closing documents to the Buyer and the Closing.

18. CONTROLLING LAW. This Agreement has been made under the substantive laws of the State of Minnesota and such laws shall control its interpretation.

19. CONDEMNATION. If, prior to the Closing, eminent domain proceedings are commenced against all or any material part of the Property, the District shall immediately give notice to the Buyer of such fact and at the Buyer's option (to be exercised within 15 calendar days after the date of the District's notice), this Agreement shall terminate, in which event neither party will have further obligations under this Agreement and the District shall return the Earnest Money to the Buyer. If the Buyer fails to give such notice, then there shall be no reduction in the Purchase Price, and the District shall assign to the Buyer at the Closing all of District's right, title, and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, the District shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without the Buyer's prior written consent. For purposes of this section, the words "a material part" means a part if acquired by a condemning authority would materially hinder the Buyer's operations on the Property.

20. BROKER COMMISSIONS. The District and the Buyer represent and warrant to each other that they have not dealt with any brokers, finders, or the like in connection with the transaction contemplated by this Agreement. The District and the Buyer each hereby agree to indemnify and hold the other harmless from and against all liability, loss, cost, damage, or expense (including, but not limited to, reasonable attorneys' fees and costs of litigation) which the other party shall suffer or incur because of any claim by a broker, agent, or finder claiming by, through, or under such indemnifying party for any compensation with respect to the entering into of this Agreement, the sale and purchase of the Property, or the consummation of the transaction contemplated herein. The foregoing indemnification shall survive Closing.

21. NO PARTNERSHIP OR JOINT VENTURE. Nothing in this Agreement shall be construed or interpreted as creating a partnership or joint venture between the District and the Buyer relative to the Property.

22. ASSIGNMENT. The Buyer may not assign its rights under this Agreement without obtaining the written consent of the District. Such written consent, if given, shall not in relieve the assignor from liability for the performance of this Agreement by its assignee.

23. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which will be an original, but such counterparts together will constitute one and the same instrument.

24. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes any agreements and understandings, either oral or written between the parties with respect to the Property.

25. AMENDMENT AND MODIFICATION. No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or have any effect unless it is made in writing, signed by the party to be bound, and specifies with particularity the extent and nature of such amendment, modification, or waiver.

26. SEVERABILITY. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and shall be interpreted, performed, and enforced as if the invalid or unenforceable provision did not appear herein.

27. BINDING EFFECT. This Agreement binds and benefits the parties and their successors and assigns.

[SIGNATURE PAGE TO FOLLOW]

BUYER

**GOODHUE COUNTY HABITAT FOR
HUMANITY**

By: Robert E. Hawley (Bob Hawley)
Bob Hawley
Its: Executive Director

SELLER

**INDEPENDENT SCHOOL DISTRICT
NO. 256**

By: _____
Anna Ostendorf
Its: Board Chair

By: _____
Jennifer Tift
Its: Board Clerk

EXHIBIT A

Legal Description of the Property

Lot 5, Block 4, Highlands of Red Wing, Goodhue County, Minnesota.

PID No. 55.241.0320