

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”), dated as of this ____ day of May, 2024, by and among the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (“HRA”) and the City of St. Paul, a Minnesota municipal corporation (“City”), (collectively the HRA and the City are the “Government Authority”), and Keystone Community Services, a Minnesota nonprofit corporation (“Developer”).

RECITALS:

WHEREAS, the Government Authority and Developer entered into that certain Development Agreement and CDBG/CDBG-CV Loan Agreement for Keystone Community Food Site dated January 25, 2023 (“Loan Agreement”), concerning the extension by the Government Authority to Developer of that certain loan in the original principal amount of \$2,602,255.00 (“Loan”) in CDBG/CDBG-CV funds for the project at 1790-1800 University Ave W; and

WHEREAS, the Loan is secured by a mortgage dated as of January 24, 2023 (“Mortgage”), executed by Developer in favor of Government Authority and encumbering the property legally described on Exhibit A attached hereto and hereby made a part hereof (“Property”); and

WHEREAS, the Mortgage was recorded in the Office of the Registrar of Titles of Ramsey County, Minnesota on _____ as Document No. _____; and

WHEREAS, subsequent to the recording of the Mortgage, the State of Minnesota awarded the project a \$2,600,000 appropriation (“State Appropriation”), with terms that declare it will not allow any lien or encumbrance that is prior and superior to the appropriation; and

WHEREAS, in the interest of making the State Appropriation available to the project at the earliest convenience without the hindrance of prior or superior liens such as the Mortgage, the Government Authority is willing to subordinate its lien position to the State Appropriation;

NOW, THEREFORE, in consideration of the Recitals, which are hereby made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Subordination. The Government Authority hereby subordinates in all respects the Loan and Mortgage to the State Appropriation. From and after the date hereof, any and all rights, title and interest of the Government Authority in and to the Property, and rents and proceeds thereof, pursuant to the Loan Agreement, and Mortgage shall be in all respects junior, subordinate and subject to the prior rights, title and interest of the State of Minnesota in and to the Property, and rents and proceeds thereof, pursuant to the State Appropriation.

2. Limitations on Payment to Government Authority. Government Authority will not demand, receive, or take action to collect or enforce, payment from Developer, and Developer will not make payment to Government Authority, of the Loan or any part thereof; provided that Developer may make payments on the Loan in the normal course of business. After the State of Minnesota provides written notice to the Government Authority that Developer is in default on the State Appropriation, the Government Authority shall no longer accept any payment on the Loan from the Developer until such time as the State of Minnesota has informed the Government Authority that the Developer is no longer in default.

3. Successors and Assigns. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

4. Governing Law. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws of the State of Minnesota.

5. Notices. Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered hereunder shall be in writing and shall be deemed to have been validly served, given or delivered upon receipt when personally delivered or sent by facsimile transmission or overnight courier, or when duly deposited in the United States mails, certified or registered, with proper postage prepaid, addressed to the party to be notified as follows:

(a) If to Developer:

(b) If to Government Authority: Housing and Redevelopment Authority
of the City of Saint Paul, Minnesota
c/o Department of Planning and Economic
Development
1300 City Hall Annex
25 West Fourth Street
St. Paul, Minnesota 55102
Attention: Executive Director

City of Saint Paul
c/o Department of Planning and Economic
Development
1300 City Hall Annex
25 West Fourth Street
St. Paul, Minnesota 55102
Attention: Director

With copy to:

City Attorney's Office
400 City Hall
15 West Kellogg Blvd.
St. Paul, Minnesota 55102
Attn: HRA/PED Attorney

(c) If to State of Minnesota:

6. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

7. Entire Agreement. This Agreement, including the exhibits hereto and the other documents referred to herein, constitutes the entire agreement between the parties with respect to the matters discussed herein. No modification or amendment of this Agreement shall be effective unless made in writing and signed by each party hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this ___ day of _____, 202__.

[Remainder of page intentionally left blank]