

**COUNCIL ACTION FORM**

**SUBJECT: EXTENSION OF PURCHASE AGREEMENT WITH HABITAT FOR HUMANITY OF CENTRAL IOWA FOR 3803 MINNETONKA AVENUE.**

**BACKGROUND:**

At the City Council meeting of July 28, 2009, as part of the City's 2009-10 Community Development Block Grant (CDBG) Neighborhood Sustainability Program, the City Council adopted a resolution approving the sale of the City-owned property at 3808 Minnetonka Avenue to Habitat for Humanity of Central Iowa (Habitat). The proposed sale was scheduled to occur on or before June 30, 2010, if all conditions of the purchase agreement for the rehabilitation and sale of the property were satisfied.

During the updating of the abstract to sell the property to Habitat it was discovered that a second mortgage lien had not been properly cleared and released that prevented the City from being able to provide clear title. Habitat had identified and approved a family to purchase the property on or before June 30, 2010. As result of that situation, on June 22, 2010 the City Council approved a time extension amendment to the Habitat agreement and to the early possession agreement with the anticipated homebuyer to August 31, 2010.

Legal staff is currently working to bring about a release of this lien, but it will take longer than anticipated to rectify this situation. Therefore, staff is requesting a second extension of the purchase agreement with Habitat and of the early possession agreement between the City, Habitat, and the approved home buyer to on or before December 31, 2010.

Approval of the agreements will continue to allow Legal staff time to clear the title issues to be able to sell the property to Habitat and allow the home buyer to continue to occupy the property prior to closing and not be displaced due to the delay.

Both revised documents have been prepared by the City's Legal Department and are attached for City Council's review and approval.

**ALTERNATIVES:**

1. The City Council can approve a second amendment to extend the purchase agreement and early possession agreement with Habitat and the anticipated homebuyer to on or before December 31, 2010.
2. The City Council can not approve the two second extension agreements.

**MANAGER'S RECOMMENDED ACTION:**

The City's Legal staff has been working diligently towards a resolution of this situation. However, the seller's representative has not been able to get this resolved as quickly as was originally anticipated by the August 31 extension date.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 as outlined above. This action will provide a second extension to the purchase agreement between the City of Ames and Habitat for Humanity of Central Iowa, as well as to the early possession agreement between the City of Ames, Habitat for Humanity of Central Iowa and the anticipated Homebuyer, to December 31, 2010, while the Legal staff continues pursuing rectifying the situation.

EXTENSION AMENDMENT TO AGREEMENT BETWEEN THE CITY OF AMES  
AND HABITAT FOR HUMANITY OF CENTRAL IOWA, INC., FOR PURCHASE AND  
REHABILITATION OF PROPERTY AT 3803 MINNETONKA AVENUE, AMES, IOWA

**THE AGREEMENT** Between the City of Ames, Iowa and Habitat for Humanity of Central Iowa, Inc., for Purchase and Rehabilitation of Property at 3803 Minnetonka Avenue, Ames, Iowa, dated the 28<sup>th</sup> day of July, 2009, is amended at Section I.E., as follows:

I. CITY'S OBLIGATIONS

E. Property Conveyance.

The City shall convey marketable title to the property for and in consideration of Habitat's completion of rehabilitation of the property, payment of sums set out at Section II.A(1), and agreement to sell the property on or before December 31, 2010 to qualified home buyer as set forth hereafter.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Amendment on this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**CITY OF AMES, IOWA**

By: \_\_\_\_\_  
Ann H. Campbell, Mayor

Attest by: \_\_\_\_\_  
Diane R. Voss, City Clerk

STATE OF IOWA, STORY COUNTY ss:

On this \_\_\_\_\_ day of \_\_\_\_\_, 2010, before me, a Notary Public in and for the State of Iowa, personally appeared Ann H. Campbell and Diane R. Voss, to me personally known, and, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. \_\_\_\_\_ adopted by the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2010, and that Ann H. Campbell and Diane R. Voss acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

\_\_\_\_\_  
Notary Public in and for the State of Iowa

**HABITAT FOR HUMANITY OF  
CENTRAL IOWA, INC.**

By: \_\_\_\_\_  
Dale Olson, Board President

By: \_\_\_\_\_  
Sandi Risdal, Executive Director

STATE OF IOWA, STORY COUNTY ss:

On this \_\_\_\_\_ day of \_\_\_\_\_, 2010, before me, a Notary Public in and for the State of Iowa, personally appeared Dale Olson and Sandi Risdal, to me personally known, who being by me duly sworn, did say that they are the Board President and Executive Director, respectively of said corporation, that the seal affixed to said instrument is the seal of said corporation, or no seal has been procured by the said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and the said Dale Olson and Sandi Risdal acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

\_\_\_\_\_  
Notary Public in and for the State of Iowa

### **Extension of Early Possession Agreement – 3803 Minnetonka Avenue**

(To be used on any transaction where Buyer takes possession or moves in prior to closing)

WHEREAS, the City of Ames, Iowa, hereinafter referred to as “City”, and Habitat for Humanity of Central Iowa, Inc., hereinafter referred to as “Habitat”, have entered into a Purchase Agreement dated July 28, 2009, for the sale and purchase of a detached single family residence, said property legally described as:

Lot 11, Southdale 3<sup>rd</sup> Addition to the City of Ames, Story County, Iowa,

and locally known as 3803 Minnetonka Avenue, Ames, Iowa;

WHEREAS Habitat has as its principal purpose the provision of home ownership to persons who might not otherwise have that opportunity, and in furtherance of that mission, has identified a purchaser for this property and intends to promptly transfer and sell said property to that purchaser;

WHEREAS in anticipation of the acquisition of this residence, Kylee Hoffman, known herein as “Purchaser”, had given notice to her landlord and will be without a residence as of July 1, 2010;

WHEREAS, the City and Purchaser now desire to have the right to occupy said premises prior to the closing of the sale called for under the said Purchase Agreement,

WHEREAS, the City is willing to grant unto Habitat and Purchaser the right of occupying the premises prior to the closing of the sale called for under the Purchase Agreement, in consideration of certain promises and agreements on the part of those parties.

NOW, THEREFORE, IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. The Purchaser shall have the right to occupy the said premises and shall receive keys to the said premises on the 30<sup>th</sup> day of June, 2010.
2. The Purchaser agrees to be responsible for the maintenance of the grounds and improvements thereon commencing with the date set forth in Paragraph #1 above until or unless some further agreement in writing is made to the contrary.
3. The Purchaser agrees to be responsible for the cost of any utilities provided to the premises, commencing with the date set forth in Paragraph #1 above, until or unless some further agreement in writing is made to the contrary.
4. On or before the date set forth in Paragraph #1 above, Purchaser shall provide the City with a Certificate of Insurance evidencing their placement of standard form property and liability insurance. The City shall be an additional named insured under the policy.
5. Purchaser and City agree that purchaser’s personal effects and property are her sole responsibility and Purchaser is responsible for obtaining insurance adequate in type and amount to cover any losses to her personal property, until or unless some further agreement in writing is made to the contrary.
6. Purchaser agrees to pay to the City to be held in trust the amount of \$ 1,000.00, which is the estimated balance of the costs needed to close the purchase of the above described property.
7. HABITAT AND PURCHASER ACKNOWLEDGE THAT THEY HAVE INSPECTED THE ABOVE REFERRED-TO PREMISES AND DO HEREBY ACCEPT THE SAME IN “AS IS” CONDITION, NOTWITHSTANDING AND PROVISIONS TO THE CONTRARY IN THE PURCHASE AGREEMENT.

8. The Purchaser shall assume full and complete responsibility for any damage or injury which may occur to anyone or anything upon the said premises from the date set forth in Paragraph #1 above, until or unless some further agreement in writing is made to the contrary; and the Purchaser shall save harmless the City, and Habitat, and any agents and employees participating in this sale from any liability for such injury or damage no matter from what cause.
9. As further consideration for the right to occupy the premises prior to the closing date, Habitat and Purchaser agree that adjustments of interest, taxes and other closing adjustments shall be made as of the date set forth in Paragraph #1 above in lieu of rent.
10. Purchaser agrees to make no alterations, improvements or decorating to the property without prior written consent of the Sellers.
11. If, for any reason, the closing for the purchase of the above described premises has not occurred by December 31, 2010, Habitat and Purchaser agree to negotiate in good faith an extension of the closing date for transfer of the premises.
12. All other terms and conditions of the Purchase Agreement hereinbefore referred to, not inconsistent herewith shall remain in full force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
The City of Ames

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Habitat for Humanity

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Kylee Hoffman, PURCHASER DATE