



**NORTHCOUNTRY COOPERATIVE DEVELOPMENT FUND
SHARE LOAN SITE APPLICATION**

Date _____

Northcountry Cooperative Development Fund (NCDF) uses the information provided in this application to make a determination about providing share loans to prospective members in a housing cooperative. The availability of member financing enhances cooperative housing values. Share Loan Site approval will allow prospective buyers access to NCDF Share Loan products.

Legal or business name: _____ Fed ID #: _____

Address: _____

City/State/Zip: _____

Registered as a cooperative or corporation in the state of: _____ Founded in: _____

Common Interest Community # if applicable: _____ County: _____

Current NCDF member: Yes No

Board Contact Name: _____

Title: _____ Telephone: _____

Board Contact Name: _____

Title: _____ Telephone: _____

Financial Contact Name: _____
(book keeper, financial manager, accountant, etc.)

Title: _____ Telephone: _____

Insurance Company: _____ Telephone: _____

Policy Number: _____

Please list institution where any mortgages are held and current loan balance:

Name of institution: _____ Current loan balance: _____

Name of institution: _____ Current loan balance: _____

Name of institution: _____ Current loan balance: _____

Are any of these loans HUD insured? Yes No (please check-mark the applicable loans)

Contact Information for Lenders listed:

Has the building been appraised in the last three years? Yes No

If so, please attach a copy of the appraisal.

Sales history for the last five units sold:

Unit Number	Number of Bedrooms	Unit Square Feet	Date of Sale	Sales Price

Please provide a brief explanation of any irregularities (such as periods with high vacancies) in the occupancy history of the co-op.

How are memberships in the co-op marketed? Do the individual members do their own marketing, are realtors typically used, does the co-op have a role in marketing?

Does the cooperative have a reserve account for future maintenance/replacement? Yes No

Current reserve account balance:

How is the maintenance reserve fund managed? Are there regular deposits made monthly, annually, when needed?

Is the cooperative current on all income and real estate taxes? Yes No

In the lines below, please discuss any aspects of the cooperative's financial health, positive or negative; that you think should be brought to NCDF's attention.

In order for NCDF to be able to originate Share Loans for members of a housing cooperative, a Recognition Agreement must be struck between the co-op and NCDF as a lender. Our standard form of Recognition Agreement is attached as Exhibit A. Please review or have the co-op's attorney review the attached Recognition Agreement for acceptability?

Does your coop board agree to abide by this Recognition Agreement? Yes No

Please include copies of the following:

Governance related items

- Articles of Incorporation and Bylaws certified by board secretary (standard certification form attached as Exhibit B), as well as any other relevant cooperative legal documents eg: Common Interest Community Declaration, HUD regulatory agreements.
- Most recent Annual report of the board of directors to the members.
- Resident's subscription agreement and occupancy agreement/proprietary lease.
- New member approval policy.
- List of current board of directors with corresponding unit and telephone numbers. Please indicate officers.
- Rules and Regulations (a.k.a. House Rules)
- Written Policies

Finance related items

- Two most recent annual financial statements along with income tax returns for the same period.
- Most recent interim financial statements including a comparison to budget and/or prior period.
- Current year operating budget including description of how operating budget expenses are allocated to each unit for assessment purposes
- Recent (last 12 months) occupancy history (% or number of vacancies).
- Replacement reserve budget including description of how replacement reserves are allocated to each unit for assessment purposes.
- A description of any significant capital improvements performed within the last several years, and/or planned in the next two years
- Projected sources and financing plan, if any, for these improvements.
- Copy of any maintenance or replacement schedule being used by the co-op – if any.

Insurance

- Copy of current insurance binder (Building, Liability and Directors' & Officers' insurance, if any).

Property Management

- Property Management contract, if any, including name and telephone contact.

Exhibit "A"

RECOGNITION AGREEMENT

"COOPERATIVE":

"BORROWER(S)":

"LENDER":

NORTHCOUNTRY COOPERATIVE DEVELOPMENT FUND
219 Main Street S.E. Suite # 500
Minneapolis, Minnesota 55414

"LOAN":

That certain term loan in the original principal amount of \$_____ evidenced by a Note and Related security documents of even date herewith executed by Borrower.

"UNIT":

Unit No. _____ in _____ Cooperative, _____ County, Minnesota.

"OCCUPANCY AGREEMENT":

Occupancy Agreement
Dated:

"SHARE INTEREST"

Cooperative Share Certificate No.: _____

"PROPRIETARY LEASE":

The Proprietary Lease and/or Occupancy Agreement between the above-referenced Cooperative and the Borrower, dated _____.

"LOAN DOCUMENTS":

This Agreement, the Note, Security Agreement, Assignment of Leases and Rents, Stock Power, Disclosure Statement and any other document between the Lender and the Borrower pertaining to this transaction.

"OWNERSHIP INTEREST"

Borrower's membership in the Cooperative, any shares of Cooperative stock issued to Borrower in Connection therewith, and all Buyer's rights and interests in the Proprietary Lease and/or Occupancy Agreement and the Cooperative.

"COOPERATIVE DOCUMENTS"

The Declaration, Bylaws and Articles of Incorporation of the Cooperative, the Proprietary Lease and all other documents governing the Borrower's membership in the Cooperative and rights to occupy and use the Unit.

THIS RECOGNITION AGREEMENT, hereinafter "AGREEMENT" is made as of the Closing Date between the Cooperative, the Lender, and the Borrower, and shall be binding upon each of the party's respective successors and assigns (if any). Borrower has granted to Lender as security for the Loan all of the Borrower's ownership interest and rights in the Cooperative ("Share Interest"). Lender requires the Cooperative to provide certain assurances as an inducement for Lender to make the Loan, and therefore in consideration of the Loan and other valuable consideration, the receipt of which is hereby acknowledged, the Cooperative and Lender agree as follows:

I. The Cooperative Represents and Warrants as of the Closing Date:

- A. That the Cooperative is:
- i. Organized and in good standing under the laws of the State of Minnesota;
 - ii. Is the fee owner (or is a tenant under a long term ground lease) of, the "Real Property" described on the attached Exhibit A;
 - iii. Insured for losses to the Real Property and the improvements for the full replacement value, and as such value increases over time, the face amount of the policy described in Exhibit B attached hereto shall be increased accordingly;
 - iv. Not in default on any obligation that would adversely affect Lender's security under the Loan Documents, the Proprietary Lease and/or Occupancy Agreement or the Share Interest;
 - v. Not and has not filed a petition in bankruptcy or, has not been deemed insolvent (unable to pay its expenses as such become due).

B. That the Cooperative has authority to enter into this Agreement, and that this Agreement is not prohibited by and does not conflict with the Cooperative Documents.

C. That the Cooperative has approved Borrower for membership in the Cooperative; and, as evidence of Borrower's ownership of the Share Interest, has issued to Borrower the Share Certificate described above (if any), the Proprietary Lease and/or Occupancy Agreement described above including any other evidence of Borrower's ownership in the Cooperative including the Cooperative's Bylaws, Share Interest and Proprietary Lease and/or Occupancy Agreement (hereinafter referred to collectively from time to time as the "Proprietary Documents"). The Cooperative has delivered true copies of the Proprietary Documents to the Lender at the time that this Agreement was entered into.

D. That the Cooperative records do not show, and the Cooperative has no notice or knowledge of, any lien on or claim against the Ownership Interest (other than liens of Lender and the Cooperative) or of any limitation on Borrower's ability to pledge and assign the Ownership Interest to Lender as security for the Loan.

E. That the Borrower has the exclusive right to occupy the Unit, and that Borrower is not in default to the Cooperative under the Cooperative Documents or otherwise.

F. That there is/is not (circle one) a master mortgage covering the Real Property, and that the Current unpaid balance of said master mortgage is \$_____ as of the date of this Agreement.

II. The Cooperative Covenants and Agrees:

A. That the Cooperative consents to Lender's security interest in the Share Interest and agrees to give notice of Lender's lien to others by registering Lender as lien holder of Borrower's interest in the appropriate Cooperative records, and sending proof of such registration to Lender.

B. That the Cooperative shall promptly give Lender written notice of:

- (i) any notice of material building code violations or any material non-compliance with any applicable governmental law, code, or ordinance, notice of condemnation/ eminent domain proceeding or notice of any environmental condition or hazardous condition;
- (ii) any substantial damage or destruction to the Real Property or improvements whether or not covered by insurance;
- (iii) any payment due by the Cooperative for any indebtedness, loan, mortgage, ground lease, taxes/special assessments, or other governmental assessment or charge that is more than 30 days past due;
- (iv) any lapse, cancellation, or material modification of any insurance policy or fidelity bond of the Cooperative relating to the Real Property or improvements;
- (v) any additional mortgage loan, or material increase of any existing mortgage loan or indebtedness on the Real Property;
- (vi) any materially adverse or deleterious change to the Real Property;
- (vii) any change in the Cooperative's Bylaws or Articles of Incorporation;
- (viii) any threatened or filed legal or administrative action or proceeding against the Cooperative, the Real Property or the Share Interest that might affect Lender's security interest under the Loan Documents;
- (ix) any default by Borrower under the Cooperative Documents; and
- (x) any 60 day delinquency by the Borrower in monthly Cooperative assessments or carrying charges.

C. That, upon prior written request by Lender, the Cooperative will allow Lender or Lender's representative to inspect all the books and records of the Cooperative during business hours, and provide to Lender copies at no charge to Lender of all changes in the Articles of Incorporation or By-laws of the Cooperative, names of the current Board of Directors, and any financial information of the Cooperative which may materially affect Lender's security interest in the Ownership Interest.

D. That Cooperative shall provide Lender not less than once each year with:

- (i) Annual financial statement (audited for projects with 50 or more units);
- (ii) Annual budget;
- (iii) Annual state and federal tax returns;
- (iv) Annual Accounts Receivable report;
- (v) List of current members of the Board of Directors of the Cooperative with addresses and phone numbers;
- (vi) Proof, reasonably satisfactory to Lender that all real estate taxes for the Real Property have been paid;
- (vii) All revisions to the Operative and Proprietary Documents, and copies of insurance policies and fidelity bonds currently in effect on the Cooperative; and
- (viii) Current replacement schedule and budget of the building and any improvements, and extraordinary maintenance expenses, which are anticipated in the next 24 months.

If the Cooperative does not provide Lender with any of the aforementioned items in a timely, and not less than annual basis, Cooperative shall respond to Lender's requests within thirty (30) days after each such request is received.

E. That the Cooperative will not do any of the following without first obtaining the prior written Consent of Lender, which consent shall not be unreasonably withheld or delayed.

- (i) accept any surrender, cancellation or modification of the Proprietary Documents;
- (ii) consent to any assignment of the Proprietary Documents or any sublease of the Unit;
- (iii) change the form of ownership of the Cooperative;
- (iv) expand or terminate the Cooperative; or
- (v) place any new financing collateralized by the Property in an amount such that the approximate unpaid balances of all loans registered in accordance with Section 2(b) of this Agreement plus the aggregate amount of financing collateralized by the Property exceeds 70% of the estimated value of the Property, or place any new blanket financing that is in superior position to the share loan (the Loan) if it would result in an annual increase of more than 10% in a unit's monthly assessments or carrying charges.

F. That with the exception of the Cooperative's own lien, the Cooperative will not cause to be created or consent to any other lien or encumbrance, cancellation, surrender, foreclosure or termination of the Share Interest (other than that of/or by the Lender's), or to any assignment or sublet of the Proprietary Lease and/or Occupancy Agreement, without Lender's prior written approval. The Cooperative shall, however, be permitted to comply with the orders of any court or governmental agency having jurisdiction over the Borrower or the Borrower's Share Interest in the Cooperative.

G. That the Cooperative shall, at all times, maintain the full insurable replacement value insurance for the building and all improvements in accordance with the requirements of the Cooperative Documents and any applicable statute, and have Lender listed as an additional insured on the policy with reference to Lender's security interest in the Unit and Share Interest.

H. In the event of a distribution of any funds resulting from the destruction, condemnation or liquidation of the Cooperative as a whole or any part thereof containing the Share Interest and Unit, including proceeds from any insured loss, less any expenses due to the Cooperative, the Cooperative agrees, subject to the prior payment of all required proceeds to the Cooperative and to the requirements of any lender that has a security interest in the Real Property, to pay all amounts due and owing to the Lender under the Loan Documents, with any remainder being paid to the Borrower.

III. Borrower's Default:

A. If Borrower is in default under the Cooperative Documents, beyond any notice and cure periods, the Cooperative shall timely notify Lender in writing of the default. The notice of default shall describe the default, and if the default is monetary, shall state the amount owing, including late charges, attorneys' fees, interest charges and any other costs accruing by reason of the default, and the amount that will be due from the Borrower to the Cooperative on the Borrower's next payment due date.

B. If Borrower is in default under the Cooperative Documents or the Loan Documents, Lender shall have the right, but not the obligation to acquire, or acquire and sell, the Ownership Interest pursuant to the Loan Documents and Lender's statutory rights, including, but not limited to any and all remedies at law and in equity, including those that may exist under the Uniform Commercial Code or other applicable state statutes. The Cooperative may not take any action adverse to Lender's rights in the Ownership Interest during such time that the Lender is curing or asserting its rights and remedies. The Cooperative shall cooperate with the Lender's reasonable requests from time to time as needed for Lender to enforce its rights (including but not limited to facilitating access to the Unit for the purposes of renovating, marketing or appraising). Notwithstanding the foregoing, Lender's obligation to cure any Borrower default under this Agreement shall be solely at the Lender's election and discretion.

C. If Lender acquires the Share Interest, such Share Interest shall remain subject to the Cooperative's lien for housing charges and related expenses accruing after Lender's acquisition of the Ownership Interest. If Lender acquires and sells the Share Interest and Propriety Lease, proceeds from the sale shall be distributed in accordance with the provisions of Subparagraph V.A of this Agreement.

D. If Lender elects not to cure Borrower's default, and/or elects not to enforce its rights under its Note and Loan Documents; Lender shall provide the Cooperative with written notice of such election within sixty (60) days after receipt of the notice of default. Upon receipt of such written notice, the Cooperative may proceed to foreclose upon, market and sell the Share Interest. If the Cooperative acquires the Share Interest, such Share Interest shall remain subject to Lender's security interest. If Cooperative acquires and sells the Share Interest, the proceeds from the sale shall be distributed in accordance with provisions of Article V.B. of this Agreement.

E. In addition to all other remedies, and without limitation, Lender reserves the right to file an unlawful detainer and evict Borrower or any other person, party or entity in possession of the Unit in the event of Borrower's default and Lender's acquisition of the Ownership Interest. The Cooperative shall cooperate with Lender in connection with the enforcement of Lender's remedies under this Agreement.

IV. Transfer of Share Interest after Borrower's Default:

A. If Lender acquires the Ownership Interest, Lender will deliver the original Proprietary Documents to the Cooperative together with an Affidavit by Lender that it has provided all notice and taken all actions required by law to perfect and foreclose its security interest. In that event, the Cooperative immediately will reissue the Proprietary Documents in the name of the Lender or its designee. Lender, or its designee, as the new owner of the Ownership Interest, shall have all the rights and obligations of any other member after the Proprietary Documents are so reissued except that Lender shall have the right to sublet the Unit in accordance with the Cooperative's Bylaws if Lender deems it advisable.

B. If Lender elects to acquire the Ownership Interest and sell the Ownership Interest to a third party, Lender shall notify the Cooperative when Lender has reached a binding purchase agreement with purchaser of Ownership Interest. The purchaser shall apply for membership in the Cooperative. Within sixty (60) days or such shorter period required by the Cooperative Documents, after application for membership is received by the Cooperative, the Cooperative shall approve or decline the purchaser's membership pursuant to the standards regularly and uniformly applied by the Cooperative when approving memberships. The proposed purchaser will be deemed approved as a member if the Cooperative does not decline the membership within this sixty (60) day time period or such shorter prescribed by the Cooperative Documents.. The Cooperative may not take any action adverse to Lender during the applicable period.

V. Priority of Payments:

A. The proceeds from any acquisition and sale by Lender of the Ownership Interest shall be distributed, to the extent available, in the following order:

- 1st To the Lender for all sums due to Lender under the Loan Documents including but not limited to costs incurred by Lender because of Borrower's default, reasonable attorneys' fees, appraisal fees, real estate brokerage fees, court costs and expenses, and any other out-of-pocket expenses, holding costs or professional fees incurred by Lender, subject to any statutory limitations;
- 2nd To Lender for all sums owed by Borrower under the Note and Loan Documents;

- 3rd To the Cooperative for the Unit's pro rata share of current real estate taxes and current or special assessments plus penalties and interest thereon, and Cooperative assessments or fees, if any, attributable to Borrower's delinquent payments on the Share Interest;
- 4th To the Cooperative for all other sums due it by Borrower together with all costs incurred by Cooperative because of Borrower's default including, but not limited to, reasonable attorney's fees, court costs and expenses, and any other out of pocket expenses, holding costs or professional fees incurred by Cooperative;
- 5th To any other judgment creditor or creditor of Borrower for all other sums due by Borrower, as and to the extent their interests may appear;
- 6th To Borrower

B. The proceeds from any acquisition and sale by the Cooperative of the Ownership Interest and its appurtenant Proprietary Lease and/or Occupancy Agreement shall be distributed, to the extent available, in the following order.

- 1st to Lender for all sums owned by Borrower under the Loan Documents including, but not limited to all costs incurred by Lender because of the Borrower's default, reasonable attorneys' fees, appraisal fees, real estate brokerage fees, court costs and expenses, and any other out-of-pocket expenses, holding costs or professional fees incurred by Lender;
- 2nd To the Cooperative for all sums owed by the Borrower to the Cooperative, together with all costs incurred by Cooperative because of Borrower's default including, but not limited to, reasonable attorney's fees, court costs and expenses, and any other out of pocket expenses, holding costs or professional fees incurred by Cooperative
- 3rd To any other judgment creditor or creditor of Borrower for all other sums due Borrower, as and to the extend their interest may appear;
- 4th To Borrower

C. Both Lender and Cooperative shall exercise their respective reasonable efforts to obtain a sale of the Ownership Interest to a purchaser who qualifies for membership in the Cooperative, with a sale price equal to or greater than the then current membership share transfer value as determined under the Cooperative's By-Laws, or the appraised value of the Ownership Interest under the Lender's appraisal, if one was made at the time the loan was made.

VI. Cross Default:

A. The Loan Documents provide that a default under the Note constitutes a default by the Borrower in its obligations to the Cooperative; and, that a default by the Borrower in it's obligations to the Cooperative constitutes a default in Borrower's obligations to the holder of the Note ("Cross Default").

B In the event of a Cross Default, if Lender requests that Cooperative terminate Borrower's rights in the Ownership Interest, including Borrower's possessory and occupancy rights in the Unit, Cooperative may proceed to exercise its right of termination, or elect to authorize Lender to exercise the Cooperative's rights as the Cooperative's attorney-in-fact and agent. If the Cooperative authorizes Lender to proceed with the termination of Borrower's rights in the Ownership Interest and the Borrower's rights of possession and occupancy of the Unit, Cooperative and its Board of Directors shall cooperate with Lender to consummate such termination and shall make available an authorized agent to be present at any court proceeding or hearing.

C. If Lender proceeds to terminate Borrower's Share Interest in the Cooperative under the provisions of this Article VI., the proceeds from the sale by the Lender of the Ownership Interest shall be distributed as provided in Article V.A. of this Agreement.

D. In the event of a Cross Default, if the Cooperative agrees or elects to terminate Borrower's rights in the Ownership Interest, including Borrower's possessory and occupancy rights in the Unit, Cooperative shall proceed to exercise its right of termination. If the Cooperative elects to proceed with the termination of Borrower's rights in the Share Interest and Borrower's rights of possession and occupancy of the Unit, Lender shall cooperate with the Cooperative to consummate such termination and shall make available an authorized agent to be present at any court proceeding or hearing.

E. If the Cooperative proceeds to terminate Borrower's Share Interest in the Cooperative under the provisions of Article VI., the proceeds from the sale by the Cooperative of Ownership Interest shall be distributed as provided in Article V.B. of this Agreement

VII. Miscellaneous:

A. Any notices given under this Agreement shall be personally served or sent by certified or registered mail and shall be sent to the addresses first written above unless notice of a change of address has been given in writing.

B. The provisions of this Agreement shall control over any contrary provisions in any other predated agreement. This Agreement may be modified or amended only in writing signed by Lender and Cooperative. If any provision of this Agreement is found to be invalid, this will not affect the validity of all other provisions.

C. The persons signing this Agreement are authorized to sign on behalf of their respective party.

D. No waiver of any provision of this Agreement shall be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced.

E. This Agreement shall be governed in all respects by the laws of the State of Minnesota

Signatures on following page

Recognition Agreement signature page

WITNESS the parties hereto have signed this Agreement as of the Closing Date _____.

COOPERATIVE:

LENDER:

NORTHCOUNTRY COOPERATIVE DEVELOPMENT FUND

By: _____

By: _____

Its:

Its:

BORROWER:

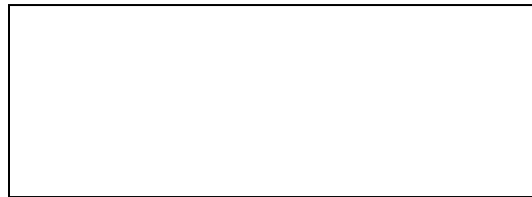
Certificate of Acknowledgment of Notary Public

State of _____)

_____) ss

County of _____)

On _____, before me, _____, a notary public in and for said state, personally appeared _____, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledge to me that he or she executed the same in his or her authorized capacity and that by his or her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.



[NOTARY SEAL]

WITNESS my hand and official seal.

Notary Public for the State of _____

My commission expires _____

EXHIBIT A

Legal Address and
Legal Description of Unit

EXHIBIT B

Attach a Copy of the Cooperative's Certificate of Liability and All Risk Casualty Loss Insurance for the Real Property with coverage amounts and endorsements.

Exhibit "B"

CERTIFICATE OF SECRETARY OF
_____ COOPERATIVE

State of _____)

_____) ss

County of _____)

The undersigned, being the duly qualified and acting Secretary of [NAME OF COOPERATIVE], hereby certifies that the attached copies of the Articles of Incorporation and the Bylaws of [NAME OF COOPERATIVE], are full, true and correct copies of the Articles of Incorporation and the Bylaws of [NAME OF COOPERATIVE], as now in effect, that said Articles of Incorporation and Bylaws were duly adopted by the members of [NAME OF COOPERATIVE], at a meeting of the membership held on [DATE], that said meeting was held pursuant to due call and notice thereof, and that said Articles of Incorporation and Bylaws of [NAME OF COOPERATIVE] have not been amended since that date.

Dated: [DATE]

Secretary
[NAME OF COOPERATIVE]