

RESIDENTIAL PURCHASE AGREEMENT

This purchase agreement (the “Agreement”) is entered into as of June ___, 2022, by the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 East Huron Street, Ann Arbor, Michigan 48107 (“Seller”), and Avalon Nonprofit Housing Corporation, a Michigan nonprofit housing corporation, dba as Avalon Housing, Inc., on behalf of an affiliated entity to be formed for the purpose of property ownership under this Agreement, whose address is 1327 Jones Drive, Suite 102, Ann Arbor, Michigan 48105 (“Buyer”), on the terms and conditions set forth below.

1. **Description of Property.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller improved real property commonly known as 1146 S. Maple Rd, located in Scio Township, Washtenaw County, Michigan (as further described in Exhibit A) together with all improvements, fixtures, easements, appurtenances, mineral rights, riparian rights, and rights of adverse possession or acquiescence used, acquired, or otherwise existing in connection with the real property (the “Premises”).
2. **Effective Date.** This Agreement shall become effective when signed by the last of all the parties as shown below (“Effective Date”).
3. **Purchase Price.** The purchase price for the Premises is \$260,000.
4. **Payment of Purchase Price.** Buyer shall pay the full purchase price to Seller at Closing on signing and delivery of a warranty deed conveying marketable title to the Premises to Buyer on the provisions set forth in this Agreement.
5. **Fixtures and Personal Property.** All fixtures are included in this sale at no additional cost to Buyer. These items include, without limitation, the following, if now in or on the Premises: plumbing, heating and lighting fixtures; drapery and curtain hardware; window shades and blinds; built-in kitchen appliances; wall-to-wall carpeting, if attached; all attached mirrors and bathroom mirrors; stationary laundry tubs; water softener; water heater; heating and air-conditioning equipment; ceiling fans; built-in gas grills; water pump and pressure tank; TV antenna; screens and storm windows and doors; awnings; mailbox; all plantings; garage door openers and controls; fireplace screens and grates; and locks and keys.
6. **Affordable Housing.** Seller is selling the Premises to Buyer solely for the construction by Seller of multi-family affordable housing (the “Project”) for the benefit of the City of Ann Arbor and its residents. Buyer acknowledges that Buyer’s title to the Premises shall be subject to a restrictive covenant restricting the use of the Premises incorporating the following terms:

The Premises and Project shall be restricted to use as an affordable, low-income, multifamily housing development, which is defined as multiple, residential housing units within one or more buildings where all of the housing units shall be rented only to individuals or families whose income does not exceed 60% of area

median income. Area median income is as defined by the United States Department of Housing & Urban Development, or a successor government department or agency that determines area median income. (Renewal of an established tenancy for an individual or family whose income has increased to exceed the respective maximum area median income shall not be a violation of this restriction.)

Seller shall provide the Buyer with the form and language of the restrictive covenant incorporating the terms herein.

The Closing shall be contingent on Seller's confirmation that Buyer has secured financing to complete the construction of the Project consisting of at least fourteen (14) dwelling units.

7. **Easements:** Seller shall retain an easement for open space along the south 12 feet of the Premises. Seller shall retain an easement for open space and public access along the west 20 feet of the Premises to be maintained by Seller in the same manner as the adjacent natural area managed by Seller. (Seller may require that these easements be retained through the separate execution of grant of easements by Buyer at Closing.)
8. **Contingencies.** This Agreement has four contingencies, as provided below. If any one of the contingencies is not removed by Buyer by providing written notice to Seller within the specified time frame, this Agreement may thereafter be terminated in writing by Seller, at which time, the earnest money deposit shall be returned to Seller for contingencies a and b or retained by Seller for contingencies c and d.
 - a. At Buyer's expense, Buyer shall obtain a title search from First American Title within 15 days of the Effective Date of this Agreement, for Buyer's review and approval within 15 days of receipt of same. Buyer shall provide Seller with a copy of title search upon receipt.
 - b. Seller shall allow access to the Premises so Buyer can have third party vendors conduct investigations of the Premises. Buyer shall conduct investigations of the Premises at Buyer's sole expense, including a wetlands determination, survey, appraisal, contractor's inspection, environmental assessment, and soil evaluation as determined by the Buyer, within 90 days from the Effective Date of this Agreement. Buyer shall provide reasonable advance notice to Seller whenever third-party vendors and contractors will be visiting the Premises. Buyer also agrees that it will endeavor to minimize invasive investigation and testing, will not disturb the existing septic tank or field, and will repair any damage to the Premises caused by the investigations. In the event Buyer does not close on this transaction, Buyer shall share with Seller any appraisals, surveys, reports, wetlands determinations, and soil and environmental investigations regarding the Premises produced during Buyer's contingency periods.
 - c. Buyer shall promptly apply for and shall obtain annexation, zoning, and site plan approval for a development plan for the Premises satisfactory to Buyer, within 15

months of the date of removal of contingency b above. Seller's City Administrator or designee shall provide written permission and, if necessary, will sign any documents for Buyer's petitions and applications to the City of Ann Arbor, Scio Township or other municipalities. Buyer shall hold Seller harmless from any costs associated with the processing of petitions and applications which Buyer asks Seller to provide written permission for or which Seller signs.

- d. Buyer shall promptly apply for and shall obtain tax credit and other financing approvals to purchase the Premises and construct the Project acceptable to Buyer within 15 months of the date of removal of contingency c above.
9. **Possession.** Unless otherwise provided in this Agreement, Seller shall deliver the Premises and Buyer will accept the Premises in the same condition (normal wear and tear excepted) that it was at the time of the Effective Date of this Agreement. (Seller acknowledges that well and septic currently are not authorized for use as is.)
10. **Maintenance.** From the Effective Date of this Agreement to the Closing, Buyer agrees to maintain the lawn and grounds of the Premises, including mowing the lawn, caring and pruning trees and shrubs, and snow removal and sidewalk maintenance consistent with applicable law. Seller shall continue to maintain the single-family house on the Premises.
11. **Disclosure Statement.** Seller has complied with the Seller Disclosure Act by delivering a completed seller's disclosure statement to Buyer.
12. **Lead-Based Paint.** Buyer has a 10-day opportunity to conduct a risk assessment or inspection, at Buyer's expense, for the presence of lead-based paint or lead-based paint hazards. Buyer has waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint or lead-based paint hazards.
13. **Salvage:** Prior to Closing, buyer shall agree to work in good faith to enter into agreement or memorandum of understanding with Habitat for Humanity, or other nonprofit, which provides them with an opportunity to salvage materials from the single-family house and improvements on the Premises prior to demolition.
14. **Earnest Money; Default.** Upon execution of this Agreement, Buyer shall pay to Seller \$10,000 as earnest money, to be applied to the purchase price. Seller may terminate this Agreement by providing notice of termination to Buyer in writing if Seller does not satisfy any condition of this Agreement, and the earnest money shall be refunded to Buyer unless otherwise provided in this Agreement. Buyer may terminate this Agreement consistent with Section 7 (Contingencies), or if Seller's title is not marketable. If the Buyer defaults, the Seller agrees to be limited to the remedy of specific performance.
15. **Risk of Loss.** Seller shall bear the risk of loss or damage to the Premises until possession of the Premises is delivered to Buyer. Buyer acknowledges that the existence of the improvements on the Premises, including the single-family house and shed, were not a material inducement to the sale of the Premises by the buyer, and therefore Seller has no

obligation to restore or rebuild the Premises in case of loss or damage to the single-family house or shed on the Premises.

16. **Closing.** This sale shall be closed within 9 months after the date of removal of the last contingency.
17. **Costs of Closing.** On delivery of the warranty deed to the Premises, Buyer will pay all transfer taxes and the recording of the deed. Buyer shall also pay any fee charged by a closing agent for closing this transaction.
18. **Title Insurance.** At Closing, Buyer shall pay the premium for the issuance of the owner's policy of title insurance in the name of Buyer.
19. **Taxes and Special Assessments.** The Premises currently has tax exempt status per MCL 211.7(m). It is anticipated that the Buyer, or an affiliated entity of the Buyer, shall apply for a PILOT and that the Premises shall remain tax-exempt. However, if there are real property taxes affecting the Premises, such taxes shall be prorated through the date of closing on a due date basis, on the presumption that tax bills are paid in advance. All real property special assessments that have been assessed on the Premises on the date of Closing will be paid by Seller. The cost of improvements that are subject to future assessments against the Premises, assessed after the date of Closing, will be paid by Buyer. Seller has no knowledge of any pending assessments that have not been disclosed in writing to Buyer.
20. **Benefit Charges.** Any benefit charges against the Premises made by any government authority and/or utility company for installation of, and/or tap-in fees for, utility services, water, sanitary sewer, storm sewer, gas, electric, telephone, and/or cable lines for which charges have been made and/or incurred after the date of Closing shall be paid by Buyer.
21. **Indemnification.** To the fullest extent permitted by law, Buyer shall indemnify, defend and hold the City, its officers, employees and agents harmless from all suits, claims, judgments and expenses, including attorney's fees, resulting or alleged to result, from any acts or omissions by Buyer or its employees and agents occurring in the performance of or breach in this Agreement, except to the extent that any suit, claim, judgment or expense are finally judicially determined to have resulted from the City's negligence or willful misconduct or its failure to comply with any of its material obligations set forth in this Agreement.
22. **Insurance.** Seller shall procure and maintain from the Effective Date of this Agreement through the Closing, such insurance policies, including those set forth in Exhibit B, as will protect itself and the City from all claims for bodily injuries, death, or property damage which may arise under this Agreement; whether the act(s) or omission(s) giving rise to the claim were made by the Seller, any subcontractor, or anyone employed by them directly or indirectly. Seller shall provide to the City documentation satisfactory to the City, through City-approved means (currently myCOI), demonstrating it has obtained the policies and endorsements required by Exhibit B. Seller shall add

registration@mycoitracking.com to its safe sender's list so that it will receive necessary communication from myCOI. When requested, Seller shall provide the same documentation for its subcontractors, if any.

Any insurance provider of Seller shall be authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a minimum Financial Size Category of "V". Insurance policies and certificates issued by non-admitted insurance companies are not acceptable unless approved in writing by the City.

23. **Nondiscrimination.** For any services that Buyer performs under this Agreement (such as maintenance of the Premises) Buyer agrees to comply, and to require any subcontractors to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. Buyer further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.
24. **Living Wage.** For any services that Buyer performs under this Agreement (such as maintenance of the Premises) If the Buyer is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, then the Buyer agrees to comply with the living wage provisions of Chapter 23 of the Ann Arbor City Code. Buyer agrees to pay those employees providing Services to the City under this Agreement a "living wage," as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the Seller of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the Seller, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.
25. **Commissions.** Each party represents to the other that no real estate salesperson, broker, or other third party was involved in this transaction to whom either party could incur liability for a commission or other compensation.
26. **Binding Nature and Final Agreement.** This Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, and assigns. However, neither party shall assign this Agreement without the prior written consent of the other party. This agreement sets forth the entire agreement between the parties and may not be amended, modified, altered, or changed except in writing signed by both parties. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement. Notwithstanding anything herein to the contrary, Buyer reserves the right, on or before the date of Closing, to assign its entire right, title, and interest in this Agreement to an affiliated entity controlled by the Buyer without further written approval by the Seller.

27. **Construction.** This Agreement shall be governed by and construed according to the laws of the state of Michigan. Venue for any disputes under this Agreement shall lie in Washtenaw County where the Premises are located.

28. **Notices.** All notices required or permitted by this Agreement shall be in writing and, except as may otherwise be provided, shall be deemed served on the earlier of the date of mailing by first-class mail, postage prepaid, addressed to the other party, or hand-delivered, at its address set forth below or at such other address as such party has last designated by notice to the other:

To Seller: City of Ann Arbor
 301 East Huron Street
 Ann Arbor, Michigan 48107
 Attn: City Attorney
 Electronic Mail:
 akaur@a2gov.org with a copy to kmcdonald@a2gov.org

To Buyer: Avalon Housing, Inc
 1327 Jones Dr.
 Ann Arbor, Michigan 48105
 Attn: Wendy Carty-Saxon
 Electronic Mail: wcarty-saxon@avalonhousing.org

29. **Time of the essence.** Time is of the essence in the performance of this Agreement.

30. **Extension.** Upon the receipt of a written request from Buyer prior to the termination of this Agreement, the City Administrator or designee may grant up to three extensions of 90 days each to allow additional time for Buyer to complete contingencies and satisfy other conditions of this Agreement.

31. **Modifications; Counterparts; Electronic Signatures.** No modification, alteration, extension, or amendment to this Agreement shall be binding unless in writing and signed by both Buyer and Seller. This Agreement may be executed electronically in pdf form and/or in counterparts, and all counterparts together shall constitute one integrated agreement and be deemed an original document. Notwithstanding anything herein to the contrary, the City Administrator or designee may change, modify or amend this Agreement for administrative changes not requiring approval by the City Council.

32. **Signature Authority.** Each of the persons signing below hereby represents and warrants that they are signing with full and complete authority to bind the party on whose behalf they are signing.

33. **Choice of Law and Forum.** This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The Buyer and

Seller submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Buyer and Seller stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

[Signatures on Following Page]

AVALON HOUSING, INC

Date: _____

Aubrey Patino
Executive Director

CITY OF ANN ARBOR

Date: _____

Christopher Taylor
Mayor

Date: _____

Jacqueline Beaudry
City Clerk

Approved as to Substance:

Milton Dohoney Jr., City Administrator

Derek Delacourt, Community Services Administrator

Approved as to Form and Content:

Atleen Kaur, City Attorney

EXHIBIT A – Legal Description

Commencing at the Northeast corner of Section 36, Scio Township, Washtenaw County, Michigan; thence South 01 degrees 19 minutes East 954.44 feet in the East line of Section 36 for a Place of Beginning; thence continuing South 1 degrees 19 minutes East 155.00 feet; thence South 88 degrees 09 minutes West 320.00 feet; thence North 4 degrees 27 minutes West 155.23 feet; thence North 88 degrees 09 minutes East 328.50 feet to the Place of beginning, being part of the East 1/2 of Northeast 1/4, Section 36, Town 2 South, Range 5 East, Washtenaw County, Michigan.

Tax Identification #H-08-36-150-006

EXHIBIT B – Insurance Requirements

From the Effective Date of this Agreement, and continuing without interruption during the term of this Agreement, Seller shall provide certificates of insurance to the City on behalf of itself, and when requested any subcontractor(s). The certificates of insurance and required endorsements shall meet the following minimum requirements.

A. The Seller shall have insurance that meets the following minimum requirements:

1. Worker's Compensation Insurance in accordance with all applicable state and federal statutes. Further, Employers Liability Coverage shall be obtained in the following minimum amounts:

Bodily Injury by Accident - \$500,000 each accident
Bodily Injury by Disease - \$500,000 each employee
Bodily Injury by Disease - \$500,000 each policy limit

2. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Services Office form CG 00 01 04 13 or current equivalent. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements which diminish the City's protections as an additional insured under the policy. Further, the following minimum limits of liability are required:

\$1,000,000 Each occurrence as respect Bodily Injury Liability or
Property Damage Liability, or both combined
\$2,000,000 Per Project General Aggregate
\$1,000,000 Personal and Advertising Injury
\$2,000,000 Completed Operations Aggregate, which, notwithstanding
anything to the contrary herein, shall be maintained for three
years from the date the Project is completed.

3. Motor Vehicle Liability Insurance equivalent to, as a minimum, Insurance Services Office form CA 00 01 10 13 or current equivalent. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements that diminish the City's protections as an additional insured under the policy. Further, the limits of liability shall be \$1,000,000 for each occurrence as respects Bodily Injury Liability or Property Damage Liability, or both combined.
4. Umbrella/Excess Liability Insurance shall be provided to apply in excess of the Commercial General Liability, Employers Liability and the Motor Vehicle coverage enumerated above, for each occurrence and for aggregate in the amount of \$1,000,000.

- B. Insurance required under A.2 and A.3 above shall be considered primary as respects any other valid or collectible insurance that the City may possess, including any self-insured retentions the City may have; and any other insurance the City does possess shall be considered excess insurance only and shall not be required to contribute with this insurance. Further, the Seller agrees to waive any right of recovery by its insurer against the City for any insurance listed herein.

- C. Insurance companies and policy forms are subject to approval of the City Attorney, which approval shall not be unreasonably withheld. Documentation must provide and demonstrate an unconditional and unqualified 30-day written notice of cancellation in favor of the City of Ann Arbor. Further, the documentation must explicitly state the following: (a) the policy number(s); name of insurance company; name(s), email address(es), and address(es) of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions, which may be approved by the City in its sole discretion; (c) that the policy conforms to the requirements specified. Seller shall furnish the City with satisfactory certificates of insurance and endorsements prior to commencement of any work. If any of the above coverages expire by their terms during the term of this Agreement, the Seller shall deliver proof of renewal and/or new policies and endorsements to the City at least ten days prior to the expiration date.