

LOAN AGREEMENT
from
ANN ARBOR HOUSING COMMISSION
to
WEST ARBOR LIMITED DIVIDEND HOUSING
LIMITED PARTNERSHIP

THIS AGREEMENT is entered into this ____th day of August, 2015 by and between Ann Arbor Housing Commission (“AAHC” or “Lender”), a Michigan nonprofit corporation and WEST ARBOR LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, a Michigan limited partnership (“Borrower” or “Partnership”).

RECITALS:

WHEREAS, AAHC is the Sponsor of the West Arbor development in Ann Arbor, Michigan, which will be owned by the Partnership; and

WHEREAS, AAHC formed the Ann Arbor Housing Development Corporation (“AAHDC”), a Michigan nonprofit corporation, of which it is the sole member, and which will act as the Developer for the West Arbor development; and

WHEREAS, AAHC formed the West Arbor GP, LLC, a Michigan limited liability company, of which AAHDC is the sole member and manager, and which is the General Partner of the Partnership; and

WHEREAS, the Partnership will be rehabilitating the 46 units of affordable housing, which are located at 701-739 N. Maple Rd. and 743-749 N. Maple Rd., to be known as the West Arbor Development located in the city of Ann Arbor, Michigan, hereinafter referred to as West Arbor or the Development; and

WHEREAS, AAHC will loan One Million Eight Hundred Thirty-Nine Thousand Six Hundred Sixty-Eight and 00/100 Dollars (\$1,839,668.00) to the Partnership (the “AAHC Loan”) for the West Arbor Development; and

WHEREAS, the sources of the AAHC financing are as follows: CITY OF ANN ARBOR HOUSING TRUST FUNDS in an amount of \$ 729,879.00, CITY OF ANN ARBOR SEWER FUNDS in an amount of \$153,611.00, WASHTENAW COUNTY COMMUNITY CHALLENGE COOPERATIVE AGREEMENT FUNDS in an amount of \$343,000.00, PUBLIC HOUSING CAPITAL FUND PROGRAM FUNDS in an amount of \$388,178.00 and DEVELOPMENT FEE PROCEEDS in an amount of \$225,000; and

WHEREAS, the Partnership will be receiving a construction loan from JPMorgan Chase Bank, N.A. (“JPMorgan”), hereinafter referred to as the Construction Lender in an approximate amount of Nine Million and 00/100 Dollars (\$9,000,000.00), which will be secured by a Mortgage in first position; and

WHEREAS, the Partnership will be receiving a permanent loan from Capital Fund Services, Inc. ("CFS"), hereinafter referred to as the Permanent Lender in an approximate amount of Two Million Three Hundred Fifty Thousand and 00/100 Dollars (\$2,350,000.00), which loan shall not be entered into, or secured by a Mortgage until completion of the Development, and which will be in first position following the pay-off of the JP Morgan loan; and

WHEREAS, the Partnership will be receiving equity from the sale of Low Income Housing Tax Credits from the National Equity Fund, Inc. a New York City company, through its affiliate NEF Assignment Corporation (hereinafter "NEF") in an approximate amount of Nine Million One Hundred Four Thousand Five Hundred Eleven and 00/100 Dollars (\$9,104,511.00); and

NOW, THEREFORE, Lender and Borrower hereby agree as follows:

1. Lender agrees to lend, and Borrower agrees to borrow the AAHC Loan funds.
2. Borrower agrees to execute this Loan Agreement, a Promissory Note and Mortgage, as evidence of its obligation to repay the Loan (the "Loan Documents"). All parties understand and agree that the indebtedness represented by the Note is subordinate to the indebtedness owed by the Borrower to the Construction Lender; and
3. All parties understand and agree that the indebtedness represented by the Note is subordinate to the indebtedness owed by the Borrower to the Permanent Lender; and
4. AAHC will have a subordinate lien position for AAHC Loan. Any payments made on this Loan or the Note may be made only from available cash flow, and only to the extent allowable under the terms and conditions of the Amended and Restated Limited Partnership Agreement, to be entered into between the General Partner and NEF; and
5. This Loan Agreement and the Note will be secured by a Mortgage, which will be subordinate to the Construction Loan Mortgage and the Permanent Loan Mortgage, and to be recorded in the Washtenaw County Register of Deeds office; and
6. AAHC's rights hereunder are expressly subject to the rights of the Construction Lender against Borrower related to that senior loan from the Construction Lender to Borrower in the amount of \$8,942,000.00 (the "Senior Loan") as set forth in those certain loan documents in favor of the Construction Lender evidencing and securing the Senior Loan. AAHC shall not accept payment of principal hereunder until the Senior Loan has been repaid in full. This provision is intended to benefit the Construction Lender, and may not be revised or deleted without the written consent of the Construction Lender.
7. The Lender will not exercise remedies under the loan documents so long as NEF is the limited partner of the Borrower, JPMorgan is the Construction Lender, CFIC is the Permanent Lender, Norstar West Arbor, Inc., or an affiliate is the Administrative General Partner.

8. Aside from the Mortgage and the Assignment of Leases and Rents contained in Section 10 of the Mortgage, this Loan Agreement and Note, this Loan is not otherwise secured by the Development's income, reserves or funds.

9. This Loan Agreement and the Note shall be governed by and construed in accordance with the laws of the State of Michigan.

10. Notices. All notices shall include a copy to NEF Assignment Corporation, 10 S. Riverside Plaza, Suite 1700, Chicago, Illinois 60606, Attn: General Counsel.

11. Cure. Any cure tendered by NEF shall be accepted or rejected on the same basis if tendered by Borrower.

Signed this ____ day of August 2015:

BORROWER:

WEST ARBOR LIMITED DIVIDEND
HOUSING ASSOCIATION LIMITED
PARTNERSHIP, a Michigan limited
partnership

By: West Arbor GP, LLC a Michigan limited
liability company .

Its: General Partner

By: _____

Jennifer Hall

Its: Manager

LENDER:

ANN ARBOR HOUSING COMMISSION, a
Michigan public body corporate

By: _____

Jennifer Hall

Its: Executive Director

EXHIBIT A

LEGAL DESCRIPTION

WEST ARBOR DEVELOPMENT

PARCEL 1: 701-739 NORTH MAPLE RD., ANN ARBOR, MI 48103

Lots 253, 254, 255, 256, 257, 258, 259, 260, 261, 273, 274, 275, 276, 277, 278, 279, 291, 292, 293, and 294, SCIOTO HILLS NUMBER 1, as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records.

Tax I.D. 09-08-24-421-001, AS TO LOTS 253-261
09-08-24-400-002, AS TO LOTS 273-279 AND LOTS 291-294

PARCEL 2: 743-749 NORTH MAPLE RD., ANN ARBOR, MI 48103

Lot 271 and 272 SCIOTO HILLS NUMBER 1, as recorded in Liber 8 of Plats, Page 30 of Washtenaw County Records.

Tax I.D. 09-08-24-400-011