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Lawrence Kestenbaum, Washtenaw

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Washtenaw Co., MI
Lawrence Kestenbaum
Clerk Register

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**CITY OF ANN ARBOR
COMMUNITY SERVICES
HOUSING AFFORDABILITY AGREEMENT
Stimson Apartments**

This AGREEMENT dated the 3rd day of June, 2006, is between the CITY OF ANN ARBOR, a Michigan municipal corporation ("CITY"), whose address is 100 North Fifth Avenue, Ann Arbor, Michigan and Avalon Housing, Inc., ("OWNER"), a Michigan non-profit corporation whose address is 603 West Huron, Ann Arbor, Michigan, 48103.

This AGREEMENT supercedes the unrecorded Housing Affordability Agreement between the CITY and OWNER dated November 8, 1994, and the Housing Affordability Agreement dated February 24, 2000, recorded in Liber 3932, Page 869, Washtenaw County Records.

WHEREAS, the OWNER has purchased property in the City of Ann Arbor, Washtenaw County, Michigan, described as follows:

Lots 5 through 14, Stimson subdivision, as recorded in Liber 5 of Plats, page 30, Washtenaw County Records

Commonly known as 1613 White Street and 800 through 838 Stimson Avenue, Ann Arbor, Michigan 48104

(Parcel ID's: 09-33-316-001, 09-33-316-002, 09-33-316-003, 09-33-316-004, 09-33-316-005, 09-33-316-006)

RECITALS

WHEREAS, the CITY receives funds from the United States Department of Housing and Urban Development (HUD) pursuant to HUD's HOME Investment Partnerships Program and the CITY is authorized to award funds under the HOME Program pursuant to the Cranston-Gonzalez National Affordable Housing Act and the regulations adopted by HUD contained in 24 CFR 92 et. Seq.; and

WHEREAS, On December 9, 1994 the OWNER received CITY HOME funds in the amount of \$305,000 according to the following terms: the amount of \$112,500 shall be amortized over 30 years at 1% interest and \$192,500 shall be a 0% interest, deferred 30-year loan for acquisition and rehabilitation costs for said property for the purpose of using it as affordable housing; and

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WHEREAS, On December 9, 1994 the OWNER received CITY CDBG funds in the amount of \$245,000 as a 0% interest, deferred 30-year loan for acquisition and rehabilitation costs for said property for the purpose of using it as affordable housing; and

WHEREAS, On May 1, 1995 the OWNER received CITY HOME funds in the amount of \$75,180, as a 0% interest, deferred 30-year loan for rehabilitation costs for said property for the purpose of using it as affordable housing; and

WHEREAS, In 1994, the OWNER received County Housing Contingency funds in the amount of \$50,000 for the acquisition and rehabilitation costs of said property for the purpose of using it as affordable housing; and

WHEREAS, On December 9, 1994, the OWNER received Federal Home Loan Bank of Indianapolis Affordable Housing Program Grant (AHP) in the amount of \$180,000 for the acquisition and rehabilitation costs of said property for the purpose of using it as affordable housing; and

WHEREAS, On December 9, 1994, the owner received Adrian Dominican Sisters funds in the amount of \$70,000 for the acquisition and rehabilitation costs of said property for the purpose of using it as affordable housing; and

WHEREAS, On December 9, 1994, the OWNER received National City Bank funds (previously First of America) in the amount of \$58,158 for the acquisition and rehabilitation costs of said property for the purpose of using it as affordable housing; and

WHEREAS, On February 24, 2000, the OWNER received Michigan Interfaith Housing Trust Funds and LISC funds in the amount of \$60,500 and \$58,500, respectively, for the refinancing of the Saint Dominican Sisters and National City Bank loans of said property for the purpose of using it as affordable housing; and

WHEREAS, On April 4, 2005 City Council approved the conversion of the \$305,000 CITY HOME loan (with a current balance of \$269,691) to a 0% interest, 30 year deferred loan;

WHEREAS, In February 2006, the OWNER will receive a Bank of Ann Arbor loan in the amount of \$114,000 for the refinancing of the LISC and MIHTF loans of said property for the purpose of using it as affordable housing.

THE PARTIES AGREE AS FOLLOWS:

1. **SCOPE:** The OWNER agrees to use CITY HOME and CDBG funds for the acquisition and rehabilitation costs of 23 units of affordable housing on the property formally described in the above legal description.
2. **LOAN AMOUNT:** The CITY has paid to or on behalf of the OWNER the sum of Three Hundred Thousand One Hundred Eighty dollars (\$380,180) of CITY HOME Funds and the sum of Two Hundred Forty Five Thousand dollars (\$245,000) of CITY CDBG Funds. The CITY HOME and CITY CDBG funds have the following terms: the HOME balance amount of \$344,871 and the CDBG amount of \$245,000 shall be 0% interest, deferred payment loans to be repaid at the end of the 30-

year loan terms, or due immediately if the property is transferred or sold, or the use changes from low-income residential housing.

3. **TERM:** This Agreement shall commence on the 13th day of Jun, 2006. Unless otherwise extended, suspended, or terminated by the CITY, this Agreement shall remain in effect until: 1) OWNER has returned to the CITY the funds authorized by this Agreement and met all the terms and conditions for the receipt of funds pursuant to this Agreement; OR 2) the end of both the CITY and HOME affordability periods.
4. **AFFORDABILITY PERIODS:** The affordability period for the CITY shall commence on the date of signature of this Agreement and shall terminate 30 years from said date. The HOME affordability period commenced on May 16, 1996 as evidenced by the final draw date for the acquisition and rehabilitation of said property and shall terminate 15 years after project completion or on May 16, 2011. The OWNER shall continue to comply with all applicable HOME program regulations, and affordable housing policies of the CITY, and provisions of this Agreement for the duration of this Agreement, notwithstanding the HOME affordability period.
5. **COMPLIANCE WITH LAWS.** The OWNER agrees to comply with all of the requirements now or hereafter in effect of Title II of the Cranston-Gonzalez National Affordable Housing Act, the HOME program, and the regulations appearing at Section 24, Part 92 of the Code of Federal regulations (24 CFR 92 et seq.), including, but not limited to, the assurances and certifications contained in this Agreement.

The OWNER agrees to comply with such further statutory, regulatory, and contractual requirement(s) now or hereafter in effect as may be applicable to the receipt and expenditure of HOME Funds, as administered by the U.S. Department of Housing and Urban Development and the CITY of Ann Arbor.

 - A. The OWNER agrees to comply with the regulations, policies, guidelines, and requirements of the Office of Management and Budget (OMB) (24 CFR Part 84 et seq.) as they relate to the application, acceptance and use of federal funds for this program, as well as the Uniform Relocation Act. Incorporated by reference are Title VI of the Civil Rights Act of 1964, Executive Order 11246, Section 3, nondiscrimination and equal opportunity regulations set forth in 24 CFR 92.350 and the Americans with Disabilities Act.
 - B. The CITY agrees to assist the OWNER in complying with HUD requirements and if the need arises, the CITY will provide technical assistance to help maintain the affordability of the project.
6. **FINANCES AND PROCUREMENT:**
 - A. The OWNER will implement or continue the activities within the projected budget and time frame and in accordance with any special terms and conditions for funding more specifically described and stated in "Exhibit A", which is attached and incorporated herein by reference.
 - B. The OWNER will comply with established CITY disbursement schedules and procedures. The OWNER agrees that all HOME funds will be disbursed within 15 days of receipt. In no event will a disbursement or further disbursements be made after a notice by the CITY of a violation of this Agreement, which violation has not been corrected to the satisfaction of the CITY.
 - C. The OWNER agrees that payment for services, supplies or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services



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are rendered or the supplies or materials are furnished. All cost overruns shall be the responsibility of the OWNER.

- D. The OWNER will comply with the requirements of 24 CFR 92.504(c)(3)(viii) to assure that no funds available under this agreement are requested until funds are needed for payment of eligible costs. Further, the amount requested by OWNER must be limited to the amount needed for payment of eligible costs.
- E. The OWNER will comply with 24 CFR 92.504 to assure that any repayment, interest, and other program income shall be returned to the CITY.
- F. OWNER will comply with the labor requirements contained in 24 CFR 92.354.

7. INCOME AND RENT DETERMINATION:

- A. The OWNER agrees to comply with the requirements of 24 CFR 92.252 (rental) or 92.254 (homeowner), as applicable, pertaining to the qualification of units assisted under the HOME program as affordable housing and shall agree to the repayment of funds if the housing does not meet the affordability requirements for the duration of this Agreement.
- B. The initial rent rates shall not exceed the rents outlined in the project pro forma dated June 13, 2005.
- C. The OWNER agrees to rent all of the units to persons with annual household incomes equal to or less than 60% of the Area Median Income as defined annually by HUD.
- D. The OWNER agrees to establish annualized rent levels, which are at or below the published High HOME or Low HOME rent levels appropriate to the unit size by number of bedrooms as defined by HUD. A minimum of 20% (6) of the units must be designated as very low-income units with rents that do not exceed the Low HOME rent rate. The remaining units' rent rates will not exceed the High HOME rent rate. The very low-income units are floating units. All units are designated as HOME-assisted.
- E. In the event that the OWNER has tenants admitted below 60% of the Area Median Income but whose income increases above 60% of Area Median Income at any annual recertification, the continuation of those tenancies shall not be considered a breach of this Agreement. The OWNER may increase rents for tenants whose income rises above 50% of Area Median Income to a level not to exceed 30% of the tenant's income.
- F. The OWNER has provided the CITY with a pro forma estimating monthly rents for the project. The CITY has relied on these statements in approving these funds. The rent rates will increase annually consistent with the operating pro forma dated June 13, 2005. The OWNER shall not charge any rents over 120% of the amount listed in the pro forma without prior written approval of the CITY. Any CITY disapproval of a proposed rent increase must be in writing and must state the reason for disapproval.
- G. The OWNER shall include tenant and participant protections in conformance with 24 CFR 92.253.
- H. The OWNER shall comply with any applicable displacement, relocation, and acquisition requirements imposed by the participating jurisdiction and HUD regulations.
- I. The OWNER shall use its best efforts to ensure that the project is managed to provide safe and habitable housing for its tenants and that the project will not adversely affect the neighborhood. To that end, the OWNER shall work with the CITY to establish and maintain systems for tenant selection, tenant support, property maintenance, and communications with neighbors. The failure of the OWNER to establish and maintain such systems shall be deemed a breach of this Agreement.

- 8. REPORTS, MONITORING AND EVALUATION. The OWNER agrees to cooperate fully with the CITY, and HUD officials to evaluate and monitor the requirements and performance of programs



financed with funds identified in this Agreement. The OWNER agrees to provide these same parties information and reports, oral or written, as may reasonably be required or requested during the term of this Agreement on matters relating to program activities, performance, contract compliance and evaluations of programs receiving CITY funds.

The OWNER agrees to maintain documentation sufficient to evidence compliance with rent and occupancy restrictions and tenant income certifications in compliance with the requirements of 24 CFR 92.252. The OWNER shall provide copies of such documentation, including but not limited to a certification of income form and rent levels for the first occupants of the project and an annual update of this information to meet program requirements. The OWNER agrees to complete and submit to the CITY in a timely manner this information as the annual report. The CITY shall provide the report form. Reports are due to the CITY no later than 15 days after the end of the fiscal or calendar year unless otherwise approved by the Community Development Administrator. In accordance with 24 CFR 92.203(a)(1)(ii), the OWNER shall examine tenant income source documentation every sixth year of the HOME affordability period.

The OWNER agrees to attend meetings with representatives of the CITY to discuss any problems or questions related to this Agreement.

9. **FINANCIAL AUDITS.** Owner shall comply with 24 CFR part 84 relating to audit requirements. Non-profit organizations shall also comply with the requirements of OMB Circular No. A-122 and A-133 as applicable. The OWNER agrees that all aspects of the activities described in Exhibit A and all documents relating to and supportive of said activities, including but not limited to specifications and reports of funds expended, shall be freely available to the CITY or its authorized representatives for review by the CITY to ensure conformity with the terms of this Agreement. Documentation shall include payments for purchases, vouchers and other official documentation that show in proper detail the nature and propriety of such expenditures. All documents must be clearly identifiable and readily accessible. The OWNER agrees to securely maintain these records for a period of five (5) years after the HOME affordability period terminates in conformance with 24 CFR 92.508. The OWNER shall maintain records with respect to ongoing occupancy, income levels, rent levels, leases and property standards compliance for the most recent five years of the occupancy period for the duration of this Agreement. The OWNER shall inform the CITY and permit examination by the CITY, and HUD prior to destruction of any of these records. The CITY or HUD may cause an audit of the records of the OWNER at a reasonable time after reasonable notice in conformance with 24 CFR 92.508. The OWNER shall provide an annual project audit of revenues and expenses based on the OWNER's budget calendar.
10. **INSPECTIONS.** The OWNER shall comply with the requirements of 24 CFR 92.251 regarding property standards, and shall comply with the City Housing Code and Section 8 Housing Quality Standards at initial occupancy and for the duration of this Agreement. The OWNER shall allow for annual inspections upon request of the CITY, after notice, to assess compliance. The OWNER maintains full responsibility and liability for the acceptance of workmanship and materials relating to any construction work completed on this project. The OWNER shall complete all work according to plans and specifications and applicable building, plumbing, electrical and housing codes and Section 8 Housing Quality Standards. The OWNER agrees that all work is to conform to requirements set forth by the CITY's Community Services Area, unless otherwise noted in writing by the CITY's Community Services Area. The OWNER shall ensure that all precautions are exercised at all times for the protection of persons and property by the OWNER and its contractors and subcontractors. OWNER shall observe safety provisions of all applicable laws and building and



construction codes. The OWNER and its contractors and subcontractors will secure all necessary certificates and permits from the CITY or other public authorities as may be required in connection with the performance of this Agreement.

The OWNER shall comply with the requirements of 24 CFR 92.355 regarding the testing for and abatement of lead-based paint.

The CITY shall conduct ongoing inspections to ensure that HOME-financed improvements are completed and in accordance with Exhibit A.

11. **SECURITY:** The OWNER agrees that it shall execute all appropriate documents to secure and to provide for the repayment of all funds advanced by the CITY and other lenders as well as to enforce the provisions of this Agreement. The OWNER shall not incur additional debt secured by this property without written approval of the CITY, and any other lenders. The CITY agrees to the debt secured on the property by mortgages given to the CITY of Ann Arbor, Bank of Ann Arbor, TCF Bank and Washtenaw County. The OWNER may refinance the mortgages at any time, so long as the amount financed shall not exceed the amount currently financed and so long as the OWNER is in compliance with the terms of this Agreement. The parties agree that for the purpose of subordination and other terms of the Agreement, the new lender shall be secured in the same position as the initial lender.
12. **CONTRACT AMENDMENT:** Line item budget transfers, or other amendments that do not affect the Scope, Loan Amount, Term, or Affordability Period must be requested in advance in writing by the OWNER and approved by the CITY Administrator or his/her designee. All other amendments must be approved by CITY Council and the OWNER.
13. **POLITICAL ACTIVITIES:** None of the funds, materials, property, or services provided directly or indirectly under this Agreement shall be used for any partisan political activities or to further the election or defeat of any candidate for public office.
14. **CONFLICT OF INTEREST.** The OWNER and CITY shall comply with 24 CFR 92.356. No employee, agent, consultant, officer or elected or appointed official of the CITY or OWNER, who exercises or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

No owner, developer or sponsor of a project assisted with HOME funds as defined in 24 CFR 92 may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

The OWNER may request an exception to the above conflicts of interest in writing to the CITY. The CITY and HUD will determine whether to grant a request for an exception.
15. **INSURANCE COVERAGE:** The OWNER shall secure and maintain such insurance policies,



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including those set forth below, as will protect itself, its contractors, subcontractors and, unless otherwise specified, the CITY from all claims for bodily injuries, death or property damage which may arise under this Agreement; whether the acts were made by the OWNER or by any contractor or subcontractor or anyone employed by them directly or indirectly. The following insurance policies are required:

- a. Statutory Worker's Compensation in accordance with the provisions of the Michigan Worker's Compensation Act;
- b. Public Liability Insurance in an amount not less than \$1,000,000 for injuries, including accidental death to any one person;
- c. Property, Builder's Risk, and Casualty insurance

Insurance certificates shall be filed with the CITY giving satisfactory evidence of insurance as stipulated above before the CITY will release funds to OWNER under this contract. The certificates shall be maintained during the life of this Agreement and shall also name the CITY as an insured party. All insurance certificates shall contain the following language: "The company agrees that it will give the CITY of Ann Arbor thirty (30) days prior written notice of its intent to cancel or materially change the described policy". This language however, if accompanied by a disclaimer or any other language that negates company responsibility for failing to provide said notice will not be acceptable. The insurer must be reasonably satisfactory to the City Attorney.

16. **INDEMNIFICATION.** The OWNER agrees to indemnify, defend, and hold harmless the CITY, its officers, agents, and employees from any and all claims and losses occurring or resulting, to any and all OWNERS, contractors, subcontractors, material providers, laborers, and any other person, firm, or OWNER furnishing or supplying work, services, materials or supplies in connection with negligent performance under this Agreement, and from any and all claims and losses occurring or resulting to any person, firm, or OWNER who may be injured or damaged by the OWNER's contractors or subcontractor's negligence in the performance of the Agreement; and against any liability, including costs and expenses, for violation of proprietary rights, copyrights, or rights of privacy. Nothing herein shall be construed as a waiver of the defense of governmental immunity by the OWNER or the CITY.
17. **AFFIRMATIVE MARKETING/EQUAL OPPORTUNITY:** The OWNER agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor CITY Code and to take affirmative action to assure that applicants are employed and that employees are treated during employment in a manner which provides equal employment opportunity and tends to eliminate any inequality based upon race, national origin or sex. The OWNER agrees to comply with the provisions of Section 9:161 of Chapter 112 of the Ann Arbor CITY Code. The OWNER agrees to comply with living wage provisions of Chapter 23 of the Ann Arbor CITY Code, if applicable, and, if a "covered employer" as defined therein to pay those employees providing Services to the CITY under this Agreement a "living wage," as defined in Chapter 23 of the Ann Arbor CITY Code; and, if requested by the CITY, provide documentation to verify compliance. The OWNER agrees to comply with the provisions of Section 1:815 of Chapter 23 of the Ann Arbor CITY Code, if applicable.

The OWNER shall comply with the requirements of 24 CFR 92.351 pertaining to affirmative marketing. The OWNER shall establish an affirmative marketing strategy if the project contains 5 or more HOME-assisted units. The affirmative marketing strategy shall include, but shall not be limited to, procedures for advertising vacancies, accepting referrals, and record keeping. The OWNER shall not discriminate against Section 8 rent subsidy certificate or voucher holders.

18. **COMMUNITY HOUSING DEVELOPMENT ORGANIZATION:** The OWNER agrees to either: a)



maintain its status as a Community Housing Development Organization (CHDO) in accordance with the definition of a CHDO in 24 CFR 92.2; or b) maintain its status as a partnership, with a CHDO or the subsidiary of a CHDO as managing general partner with effective project control, in accordance with 24 CFR 92.300.

The OWNER warrants that it has supplied the CITY with current copies of its Charter, Articles of Incorporation, by laws and/or other documents designating the method of electing or appointing the members of its Board of Directors. The OWNER shall also keep on file with the CITY a current list of its Board members, its officers, and their addresses. Any changes in membership shall be promptly reported to the CITY. No part of its net earnings will inure to the benefit of any member, founder, contributor, or individual. The OWNER, or CHDO general partner, shall maintain a Board of Directors, which includes at least one-third residents of low-income neighborhoods, other low-income community residents or elected representatives of low-income neighborhood organizations. The OWNER or CHDO general partner shall provide a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of the affordable housing project.

- 19. **BREACH:** In the event the OWNER breaches this Agreement or any of the loan documents to be executed, whether through a material financial or non-financial default, the CITY shall have full remedies consistent with the purpose of this Agreement and as set forth in the loan documents. The CITY, in its discretion may or may not exercise these remedies, which include but are not limited to: meeting with and providing direction to the OWNER in the management of the project; appointing a receiver to manage the project according to the terms of this Agreement; taking possession of the project and managing it for the purposes of this Agreement; purchasing the property, and all remedies set forth in the parties' loan documents and assignment of rent document, if applicable. It is the intent of the parties that these remedies be exercised in a manner appropriate in light of the breach and to the end that this project shall continue to provide housing for the target population of low-income individuals. In the event of any breach, each lender shall be responsible for enforcement of its own loan/grant documents.

The CITY may terminate this Agreement, in whole or in part, at any time before the date of completion, whenever it is determined that the OWNER has failed to comply with the terms and conditions of this Agreement or in the event that funds are no longer available to the CITY. The CITY shall promptly notify the OWNER in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recapture of funds by the CITY shall be in accordance with the legal rights and liabilities of the parties.

- 20. **TERMINATION:** The OWNER shall not transfer title or change use of the property without prior written consent of the CITY. If a transfer or change of use is proposed, or if the property is in foreclosure, or the OWNER is in breach of this contract, the CITY or another nonprofit entity to be named by the CITY shall have the right to purchase the property, unless the property is already restricted by other criteria, as low income housing at a price to be negotiated between the parties of this Agreement, but not to exceed the fair market value of the property after taking into account all Agreements and liens. If the Low Income Housing Tax Credit Program is used to finance this project, the purchase price shall be the lowest price permitted under the rules and regulations governing the Low Income Housing Tax Credit Program, so long as all non-assumable debts relating to the project are paid. The CITY shall publicly advertise the availability of transfer of the project to non-profit organizations.

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If the parties approve a transfer of the property, any excess of the sale price over the debt on the property, closing costs and legal fees shall be used to provide affordable housing. The amount shall be distributed according to the following formula: Any mortgages or liens on the property shall be repaid first including those of the CITY. Closing costs and legal fees related to the property transfer shall be paid next. Any remaining funds shall then be distributed according to the formula listed below: the CITY shall receive a seventy-five percent (75%) share of any of the remaining funds and the OWNER shall receive the remaining twenty-five percent (25%) share. Such termination shall not relieve OWNER of its obligations to comply with all terms of this Agreement for any time up to the time of sale, and to prepare and/or preserve its records required by this Agreement and to make them available for audit or inspection for five years after the sale.

The OWNER shall prepare a plan for submission to the CITY 60 days before the proposed sale or transfer for reinvesting the proceeds of the sale in affordable housing. If the OWNER fails to submit such a plan, the OWNER waives its right to its share of the proceeds. Any funds received by the CITY pursuant to a repayment defined in this Agreement shall be HOME program income as defined in 24 CFR 92.2, in conformance with 24 CFR 92.503.

21. **ENFORCEMENT AND BINDING EFFECT:** It is the parties' intent that the obligations created by this Agreement be enforceable by all parties to this Agreement. This Housing Affordability Agreement is binding upon the parties to this Agreement and upon their successors, heirs and assigns, except as prohibited by this Agreement.

Each of these Agreements, restrictions and promises shall run with the land from the date of this Affordable Housing Agreement.

If at any time during the term of this Agreement, the HUD HOME Investment Partnerships Program ceases operation or ceases to have governing operating laws and regulations, the OWNER and the CITY will mutually agree on operating rules for the affordable housing on this property that capture the spirit and intent of this Agreement and of the last promulgated laws and regulations of the HOME Program, and that comply with affordable housing policies of the CITY's Community Services Area.

22. **SEVERABILITY:** If any provision or provisions set forth in this document is in conflict with any Michigan law or is otherwise unenforceable, that provision is void to the extent of the conflict or unenforceability and is severable from and does not invalidate any other provision of this Housing Affordability Agreement.
23. **HEADINGS:** The headings in this Housing Affordable Agreement are for convenience of reference only and shall not affect the meaning of this Housing Affordability Agreement.

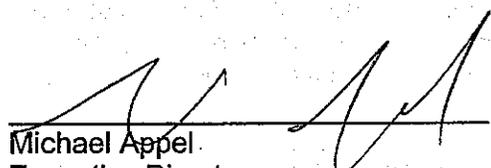


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24. SIGNATURE AUTHORITY: The individuals signing this Housing Affordability Agreement have the requisite authority to do so and bind the OWNER to the terms and conditions herein.

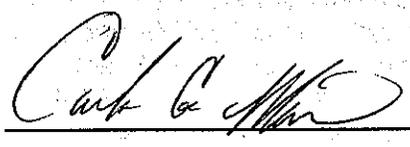
The undersigned have executed this Agreement as of the day and year first above written.

AVALON HOUSING INC., a Michigan nonprofit corporation


Michael Appel
Executive Director

STATE OF MICHIGAN)ss:
COUNTY OF WASHTENAW

The foregoing instrument was acknowledged before me this 22 day of MAY 2006, by Michael Appel, Executive Director, of Avalon Housing Inc, a Michigan nonprofit corporation, on behalf of said corporation.



CARLA G. MARIA
Notary Public, State of Michigan
County of Washtenaw
My Commission Expires Jan. 3, 2011
Acting in the County of Washtenaw

, Notary Public
State of Michigan, County of Washtenaw.
Acting in the County of Washtenaw.
My Commission Expires:



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CITY OF ANN ARBOR, a Michigan municipal corporation

By: [Signature]
John Hieftje
Its Mayor

By: [Signature]
Jacqueline M. Beaudry
Its Clerk

STATE OF MICHIGAN
COUNTY OF WASHTENAW

The foregoing instrument was acknowledged before me this 13th day of June 2006, by John Hieftje and Jacqueline M. Beaudry, Mayor and City Clerk respectively, of the City of Ann Arbor, a Michigan municipal corporation, on behalf of said corporation.

[Signature]

Amanda Allen, Notary Public
State of Michigan, County of Washtenaw Jackson
Acting in the County of Washtenaw County
My Commission Expires: Jan. 2, 2008

Approved as to Substance:

[Signature]
Roger W. Fraser
City Administrator

[Signature]
Amy Klinke
Community Development Director

Approved as to Form:

[Signature]
Stephen K. Postema
City Attorney

Prepared by and after recording return to: Kevin McDonald (P-61761) Assistant CITY Attorney
CITY of Ann Arbor
Office of the CITY Attorney
100 North Fifth Avenue
Ann Arbor, MI 48107 ✓



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Exhibit A
Funding Award
Stimson Apartments

HOME Funds: \$344,871

CDBG Funds: \$245,000

Grant Number: M-178 - 1

Term:

The CITY has paid to or on behalf of the OWNER the sum of Three Hundred Thousand One Hundred Eighty dollars (\$380,180) of CITY HOME Funds and the sum of Two Hundred Forty Five Thousand dollars (\$245,000) of CITY CDBG Funds. The CITY HOME and CITY CDBG funds have the following terms: the HOME balance amount of \$344,871 and the CDBG amount of \$245,000 shall be 0% interest, deferred payment loans to be repaid at the end of the 30-year loan terms, or due immediately if the property is transferred or sold, or the use changes from low-income residential housing.

Budget & Schedule:

<u>Activity</u>	<u>CITY HOME & CDBG Funds</u>	<u>Leveraged Funds</u>	<u>Total</u>	<u>Deadline</u>
Close Transaction	\$0	\$0	\$0	February 2006

Project was acquired in December 1994 and rehabilitation was completed in May 1996. This Housing Affordability Agreement replaces the previous Agreements.

Project Description:

23 units of rental housing

Special Conditions: None