

GROUND LEASE
FOR WEST ARBOR DEVELOPMENT

THIS GROUND LEASE (the "**Lease**"), made by and between ANN ARBOR HOUSING COMMISSION, a Michigan public body corporate, whose mailing address is 727 Miller Ave., Ann Arbor, MI 48103 (the "**Lessor**"), and WEST ARBOR LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, a Michigan limited partnership, whose mailing address is 727 Miller Ave., Ann Arbor, MI 48103 (the "**Lessee**"), dated as of August __, 2015.

WITNESSETH:

1. PREMISES

In consideration of the rents, covenants and agreements hereinafter set forth, Lessor does hereby demise and lease to Lessee, and Lessee does hereby take and lease from Lessor, that certain real property situated in the City of Ann Arbor, County of Washtenaw and State of Michigan, containing two separate existing apartment complexes that are considered one development project, and any and all improvements which now are or which shall be situated on said real property (the "**Real Property**") together with all rights, easements and appurtenances thereunto belonging or appertaining (collectively referred to herein as the "**Leased Premises**"), said Real Property being those more fully depicted in **Exhibit A** attached hereto and made a part hereof by reference.

2. TERM

The "**Term**" of this Lease shall be defined as the period commencing on the Commencement Date as defined in Section 3 below and ending on December 31 of the ninety-ninth (99th) full Lease Year (as hereinafter defined) following such Commencement Date. "**Lease Year**" shall be defined as each successive period of twelve (12) consecutive calendar months commencing on the first day of January of each year during the term hereof and ending on December 31 of each year of the term hereof. If the Commencement Date is other than January 1 of any calendar year, the period between the Commencement Date and December 31 of that year shall be the "**First Partial Lease Year**". Lessee's obligation to pay rent shall commence on the Commencement Date.

3. EFFECTIVE DATE AND COMMENCEMENT DATE

The "**Effective Date**" of this Lease shall be considered to be the date of full execution hereof. The date of full execution hereof shall be deemed to be the last date on which this Lease has been signed by a party hereto and all changes to the printed form of this Lease shall have been initialed by the parties; provided that two (2) fully executed originals of this Lease are received by the other party hereto at the above-referenced address within three (3) days of the Effective Date. If the fully executed originals are not so received by the other party within said three (3) day period, then the Effective Date of this Lease shall be deemed to be the date that the fully executed originals of this Lease are so received by the other party.

The "**Commencement Date**" of this Lease shall be when Lessor has delivered exclusive possession of the Real Property to Lessee. As of the Effective Date of this Lease, Lessee shall have the right to enter upon the Leased Premises for the limited purpose of performing such Site Inspections and Site Improvements (as defined in Section 7) as Lessee deems necessary.

4. RENTAL

A. Fixed Annual Rental

Lessee shall pay to Lessor, at Lessor's address shown above, or at such other address as Lessor may from time to time designate in writing, a fixed annual rental equal to One Dollar and 00/100 (\$1.00) per annum (the "**Fixed Annual Rental**") payable in one annual payment on the Commencement Date, i.e. a Fixed Annual Rental.

5. TAXES AND ASSESSMENTS

Lessor shall receive the bill for all real estate taxes on the Real Property which shall consist of an annual Payment in Lieu of Taxes or PILOT payment. **Lessor shall submit the PILOT bill to Lessee, and Lessee shall remit the PILOT payment amount to Lessor in a timely fashion.** Lessor shall also pay all special assessments, if any which are a lien on the Real Property on the Commencement Date of this Lease, whether or not such assessments are past due, then due or are thereafter to become due and any assessments or charges which are for improvements then installed, or which are then known but which will be payable in whole or in part after the Commencement Date. Lessor shall also pay all impact fees or similar charges imposed against the Real Property.

Lessee agrees to pay to the appropriate governmental agencies all other real property taxes, assessments, impositions, or all other claims or charges (herein collectively called the "Taxes") which may constitute or may be reduced to a lien upon the Real Property, including but not limited to water charges and sewer charges, before the same shall become delinquent. All such payments for the first and last year of the Term of this Lease shall be prorated between Lessor and Lessee so that Lessee shall be responsible for that portion of the Taxes which is attributable to the Term of this Lease. Lessee's tax obligation shall commence on the Commencement Date hereof. In the event there is included in the Taxes any special assessment or assessment which may be paid in installments, unless otherwise directed by written notice from Lessee, Lessor shall advise the appropriate governmental agency of its intention to elect payments in installments thereof, and Lessee shall pay such installments as shall be due and payable during the Term, regardless of when such installment was assessed.

6. INSURANCE

A. Lessee's General Liability Insurance

Lessee hereby covenants and agrees at all times during the Term of this Lease to cause to be maintained comprehensive general liability insurance against all claims for personal injury, death, or property damage occurring on the Real Property with minimum limits of liability of \$9,450,000 on the buildings at 701-739 N. Maple St. and 743-749 N. Maple St. In addition,

Lessee maintains General Liability insurance of \$1,000,000, personal injury, \$1,000,000 wrongful acts and \$2,000,000 aggregate coverage. Lessee shall furnish certificates of insurance evidencing payment thereof to Lessor as the same shall be requested in writing from time to time by Lessor. All such insurance policies shall name Lessor as an additional insured.

B. Policies of Insurance

The policies of insurance required under this Lease shall be obtained from reputable insurance companies with no less than an A rating, authorized to do business in the State in which the Real Property is located, and Lessee and Lessor shall furnish certificates of insurance evidencing payment thereof as the same shall be reasonably requested in writing from time to time. Each of said policies shall name Lessor or Lessee as the case may be, as additional insureds, as their interest may appear, and shall provide for not less than thirty (30) days' written notice prior to any cancellation or material adverse amendment of such policy. All such insurance policies may be maintained under a "blanket insurance policy".

7. **CONDITIONS PRECEDENT**

Lessee's obligations under this Lease are subject to the satisfaction of the conditions and covenants contained in this Section 7.

Within five (5) days after the Effective Date, Lessor shall deliver to Lessee a copy of any and all existing surveys, environmental audit reports, soil test report, abstract of title, tax bills, title insurance commitment or policy which are in Lessor's possession and which cover or include all or any part of the Real Property.

Lessor hereby grants to Lessee, its agents and contractors, the right to enter upon the Real Property to conduct any of its due diligence on the Real Property, including but not limited to said Soils Tests, Survey and Environmental Tests pursuant to this Lease (collectively the "**Site Inspections**"); provided, however, that said Site Inspections shall be conducted so as not to damage the Real Property, or interfere with the residents.

A. Title Insurance

i. Leasehold Title Insurance. Policy Lessee must obtain a title insurance commitment (the "**Title Commitment**") for an ALTA comprehensive leasehold title insurance policy with extended coverage (the "**Title Policy**"), issued by a title insurance company ("**Title Insurance Company**") selected by Lessor which is reasonably acceptable to the Lessee. The costs of the Title Commitment (including the title search) and Title Policy shall be paid by Lessor. Lessor agrees to cooperate with Lessee in obtaining said policy by delivering, within seven (7) days after notification by Lessee or its agent of the name and address of the Title Insurance Company, any additional documents as may be reasonably required by the Title Insurance Company to issue the Title Policy, including an owner's affidavit reasonably acceptable to Lessee and the Title Insurance Company. Said Title Policy must insure Lessee in the amount of Nine Million One Hundred Four Thousand Five Hundred Eleven and no/100 Dollars (\$9,104,511.00) that good and marketable title to the Leased Premises is vested in Lessor, without exception for any matters including matters which would be disclosed by a survey and inspection and is vested in Lessor free and clear of all liens and encumbrances

except taxes not yet due and payable and other exceptions to title which have been approved in writing by Lessee and insure that the leasehold estate created by this Lease is vested in Lessee, without exceptions and free and clear of all liens and encumbrances except as aforesaid. In the event that such searches and investigations reveal any liens, encumbrances or exceptions to title other than those specified above or to which Lessee objects, Lessee shall notify Lessor, in writing, of Lessee's title objections. In the event Lessee notifies Lessor of its title objections and Lessor fails or refuses to cure such title objections within thirty (30) days following receipt of Lessee's notice, then Lessee, at its sole option, may (a) at Lessor's expense take any steps necessary to cure such defects in or exceptions to title, (b) by written notice to Lessor give Lessor additional time to satisfy said title objections (not to exceed 30 days), and/or (c) by written notice to Lessor, terminate this Lease, in which event this Lease shall be null and void and of no further force and effect, and any monies paid by Lessee to Lessor, whether for rent or otherwise, shall be forthwith refunded to Lessee and Lessee shall be released from any obligations under the terms of this Lease. If, at any time after date of the Title Commitment, any new title matters arise out of the acts of anyone other than Lessee, or Lessee discovers any title matters which were not disclosed by the Title Commitment (collectively, the "**New Matters**"), any of which affects the title to the Real Property or the right or power of Lessor to perform its obligations under this Lease, the existence of such New Matters shall constitute a defect in the title to the Real Property governed by this provision.

ii. No Merger of Title. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Real Property by reason of the fact that the same person or entity may acquire or hold (a) the leasehold estate created by this Lease or any leasehold estate; and (b) the fee estate in the Real Property or any interest in such fee estate; and no such merger shall occur unless and until all persons, including any mortgagee having an interest in (i) the leasehold estate created by this Lease; and (ii) the fee estate in the Real Property, shall join in a written instrument affecting such merger and shall duly record same.

B. Survey

Lessee, at Lessee's expense, shall obtain a current ALTA survey of the Real Property prepared in accordance with the 2011 ALTA standards (the "**Survey**"), which must contain a legal description of the Leased Premises made, prepared and certified by a reputable and competent licensed firm, and which must show at a minimum (i) the area, dimension and locations of the Real Property to the nearest monuments, streets and alleys on all sides; (ii) spot elevations and bench marks; (iii) the location of all available utilities in adjoining streets, alleys or properties with invert elevations of basins, manholes, etc.; (iv) the location and description of all existing and/or proposed easements against or appurtenant to the Real Property; (v) the location of all improvements and encroachments and (vi) and not disclose any condition which could adversely affect the ability to finance, use and/or develop the Real Property, in Lessee's sole opinion.

C. Environmental Audit and Testing

Lessee, at Lessee's expense, shall obtain a Phase I Environmental Site Assessment (ESA) of the Real Property and any other environmental testing which Lessee deems reasonably necessary to evaluate potential environmental risks (the "**Environmental Tests**"). If such

Environmental Tests reveal the existence of any toxic or hazardous waste, material or substance on or under the Real Property or any other environmental condition which would adversely affect Lessee's ability to finance, use and/or develop the Real Property, then Lessee may terminate this Lease.

D. Soil Tests

Lessee, at Lessee's expense, may obtain borings, percolation tests, toxic or hazardous substance tests and other tests (collectively the "**Soils Tests**") showing that the Real Property is satisfactory, in Lessee's sole judgment, for the building foundations and the construction, operation and financing of the improvements which Lessee may wish to make, provided, however, that said Soils Tests shall be so conducted as not to damage the Real Property. Lessee agrees to indemnify, defend and hold Lessor harmless from and against any claims, demands, damages or expenses arising out of Lessee's entry onto the Real Property to perform said Site Inspections, except as may be caused by the negligent or intentional acts of Lessor, its agents or contractors.

E. Utilities

Lessee, at Lessee's expense, shall determine that all utilities necessary for the operation of Lessee's rental properties on the Real Property in accordance with Lessee's requirements, including sanitary sewer, storm sewer, water, gas and electric (collectively, the "**Utilities**") have been adequately extended within satisfactory easements or rights-of-way Lessee intends to construct on the Real Property, at which Lessee can tap into and receive service without the imposition of tap-in charges to Lessee other than tap-in charges which are customarily and normally charged in the locality in which the Real Property is located. If said Utilities are not so extended and available as aforesaid, then Lessor hereby covenants and agrees to extend and make the same available, at Lessor's sole cost, within thirty (30) days after Lessee notifies Lessor that all other conditions precedent under this Lease have been satisfied. Lessor shall grant, or cause to be granted to Lessee all necessary easements to permit the use and maintenance by Lessee of the Utilities. Lessee shall pay any "tap in" fees or other charges for the installation or connection of the Utilities and shall pay as and when due all charges made against the Real Property for said Utilities. Lessor shall pay all impact fees and other similar charges imposed against the Real Property.

F. Permits

Lessee, at Lessee's expense, shall obtain all permits, licenses, variances and approvals pertaining to the building, occupancy, signs, curb cuts, driveways (including ingress and egress to public thoroughfares), zoning, environmental controls, and any other governmental permits (collectively, the "**Permits**") which, in the sole judgment of Lessee, are necessary or desirable to permit it to rehabilitate its rental properties upon the Real Property. The obligations of Lessee hereunder shall be conditioned upon all of said Permits being validly and irrevocably granted on terms and conditions and at a cost satisfactory to Lessee without qualification, except such qualification as shall be acceptable to Lessee, and no longer subject to appeal. Lessor agrees to execute any applications or other documents reasonably requested by Lessee in order to obtain any Permits.

G. Memorandum of Lease

Lessor will promptly execute and deliver to Lessee a memorandum of lease in the form attached hereto as **Exhibit B** (the "Memorandum of Lease"), prepared by Lessee, to be recorded in the public office in which records relating to the Leased Premises are kept and take such other and further action as may be necessary to give all persons now or hereafter interested in title to the Leased Premises notice of the existence of this Lease, including such terms and provisions as Lessee deems appropriate, provided, however, that no copy of this Lease or other instrument shall be filed for record which sets forth the rental provisions contained herein. Specifically, Lessor agrees to execute such further documentation which may be required to insure that the extension rights, rights of first refusal, option to purchase, easements and restrictions granted hereunder are recorded on title.

H. Non-Disturbance Agreements, Consents and Approvals

Lessor shall provide Lessee with (i) a Subordination, Non-Disturbance and Attornment Agreement in the form attached hereto as **Exhibit C** (hereinafter the "SNDA"), executed by all entities or parties presently holding mortgages, deeds of trust or other liens upon the Real Property, and (ii) any and all consents and approvals of any third parties required by any declaration, covenant, easement agreement or any similar document recorded against the Leased Premises. The SNDA may not be executed until the point of the permanent loan closing.

8. CASUALTY LOSS

If the building or other improvements located on the Real Property should be damaged by fire or other casualty so that in the reasonable judgment of Lessee the rental property development conducted on the Real Property could not be conducted in a normal manner until the building and/or improvements are repaired or reconstructed and such repairs will take more than forty five (45) days, then Lessee may, at its option, either (A) repair or reconstruct the buildings and/or improvements, or (B) within thirty (30) days after the date of the fire or other casualty terminate this Lease by written notice to Lessor and return possession of the Leased Premises to Lessor with all buildings removed from the surface of the Real Property. In the event Lessee elects to repair or reconstruct the buildings and/or improvements, then this Lease shall continue in force and effect.

If the building or other improvements located on the Real Property should be damaged by fire or other casualty but the damage is sufficiently limited that in the reasonable judgment of Lessee, the rental property conducted on the Real Property can continue to be conducted in a normal manner while the buildings and improvements are being repaired, then Lessee shall repair the buildings and/or improvements and this Lease shall continue in full force and effect.

In any event Lessee shall be entitled to receive the entire insurance proceeds payable as a result of any damage to the buildings or improvements on the Real Property occurring during the Term. All insurance proceeds to which Lessee is entitled shall be deposited with the Leasehold Mortgagee holding the first leasehold mortgage lien on the Leased Premises and shall be disbursed in accordance with the terms of the Leasehold Mortgage constituting first lien on the

Leased Premises.

9. LIENS PERMITTED

A. Security Interest in Fixtures Permitted

Lessee shall have the right at any time to grant a security interest in any Personal Property (as defined in Section 21) owned by Lessee, and installed or kept on the Real Property. Lessor hereby consents to any such security interest and disclaims any interest of any kind, whether contractual or statutory, in the Personal Property. Lessor agrees that it will within ten (10) days after any written request by Lessee confirm the foregoing consent and disclaimer in writing. In the event of a default in the payment of any indebtedness owing by Lessee to a secured party in the Personal Property or in the performance of any of the terms and conditions of any security instrument or any extensions or renewals thereof, or if such secured party deems it necessary to protect its interests, such secured party, its agents or assigns may, within a reasonable time (not exceeding thirty (30) days) after the secured party declares the default and provides written notice of such default to Lessor or termination of lease, whichever occurs earlier, enter upon the Real Property and take possession of and remove the Personal Property or any part thereof in accordance with the terms and conditions of the security agreement with Lessee, free and clear of any claim, lien or other encumbrance by Lessor. In connection with, and as a condition to such removal, the secured party shall, at its cost and expense, promptly repair any damage to the Real Property caused by such removal. Lessor will make no claim whatsoever to the Personal Property or any part thereof.

B. Leasehold Mortgages Permitted

Lessee may at any time mortgage, encumber, pledge or assign as security its right, title and interest in and to the leasehold estate created hereby. Lessee or any leasehold mortgagee may, at any time, give to Lessor a notice (hereinafter referred to as a "**Mortgage Notice**") containing the name and address of a lender (hereinafter referred to as a "**Mortgage Lender**" and "**Leasehold Mortgagee**") to which the leasehold estate created hereby has been or will be mortgaged, encumbered, pledged or assigned as security. Upon written request from Lessee or any Mortgage Lender identified in a Mortgage Notice, Lessor will acknowledge, in writing, the receipt of any Mortgage Notice which it has received. Each such leasehold mortgage shall be a "**Permitted Mortgage**" and a "**Leasehold Mortgage**" hereunder. Lessee is authorized to provide mortgage liens, as defined in Exhibit D, and all consents, approvals or other action required relative to the mortgage liens has, or will be taken prior to final execution and recording of those liens.

Provided that Lessee has given Lessor a Mortgage Notice, whenever Lessor shall give any notice to Lessee pursuant to this Lease, Lessor shall also give to any Mortgage Lender at the address of such Mortgage Lender, a duplicate copy of such notice. The address of the Mortgage Lender shall be the address specified in the Mortgage Notice unless changed by subsequent written notice given by the Mortgage Lender to Lessor. If at any time a Mortgage Lender shall give to Lessor a written notice that it has released its lien on the leasehold estate created hereby, such lender shall cease to be a Mortgage Lender for purposes hereof and no further notices need be given to it.

Notwithstanding the foregoing, any Leasehold Mortgage interest to be granted shall be subject to the prior written approval of the Department of Housing and Urban Development (HUD).

C. Cure of Default

If Lessee shall not cure or remedy any default or breach of covenant under this Lease within the period provided for such cure or remedy, Lessor shall thereupon give notice to that effect to all Mortgage Lenders, then any Mortgage Lender shall thereupon be entitled to exercise any one or more of the following rights:

- (i) to cure or remedy, or cause to be cured or remedied, within such period of time as shall be reasonably necessary to cure such default or breach of covenant, and Lessor shall accept such cure or remedy; and/or
- (ii) to acquire by foreclosure or otherwise the leasehold estate created hereby and assume the obligations of Lessee under this Lease, including those in default, and, in such event, Lessor shall not exercise its right of termination with respect to such default; and/or
- (iii) to require Lessor to terminate this Lease by reason of such default and enter into a new lease with Mortgage Lender for the balance of the lease term at the same rental and upon the same terms, covenants and conditions as contained in this Lease.

In addition to the foregoing rights, a Mortgage Lender may, at any time permitted under its loan documents, foreclose or otherwise realize upon its lien on the leasehold estate created hereby and Lessor will recognize the person, firm or corporation acquiring the leasehold estate created hereby as the Lessee hereunder with all of the rights and estate of Lessee, provided such person, firm or corporation agrees to assume and be bound by all of the terms, covenants and conditions hereof.

Notwithstanding any provision to the contrary in this Lease, Lessor agrees (without waiving any rights that Lessor may have against a former Lessee) that (x) any Leasehold Mortgagee or its nominee that succeeds to the leasehold estate in the Leased Premises or becomes a successor Lessee hereunder, shall not be responsible for any then-existing indemnification by the former Lessee, (y) such Leasehold Mortgagee or its nominee shall not be required to cure a default that cannot be cured by the payment of money or the taking of affirmative action (an "**Incurable Default**"), and (z) failure by such Leasehold Mortgagee to cure an Incurable Default or to assume such existing indemnification obligations of the former Lessee shall not constitute a basis for not recognizing such Leasehold Mortgagee or its nominee as a successor Lessee before terminating this Lease. In addition, Lessor agrees (without waiving any rights that Lessor may have against any former Lessee) that any Leasehold Mortgagee or its nominee that succeeds to the leasehold estate in the Leased Premises and becomes a successor Lessee hereunder, shall not be responsible for any than existing environmental remediation obligations of a former Lessee.

D. Limitation of Liability on Leasehold Mortgagee. No Leasehold Mortgagee shall be or become liable to the Lessor as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Lessor and Leasehold Mortgagee such liability (in which event the Leasehold Mortgagee's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as a result of any other action or remedy provided for by such Leasehold Mortgagee or other instrument or from a conveyance from the Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of the Lessee under the terms of this Lease. Notwithstanding the foregoing, if upon foreclosure, deed in lieu of foreclosure or any other similar action whereby title to the leasehold estate of Lessee is transferred, the successor-in-interest to the Lessee fails to expressly assume the obligations of Lessee under the Lease, then Lessor shall have the right, after providing any notice and opportunity to cure required under this Lease, to terminate the Lease and enter into a new lease agreement with a tenant chosen by Lessor in its sole discretion.

10. LIENS NOT PERMITTED

A. Lessee shall not, at any time, suffer or permit the attachment to the Real Property of any lien for work done or materials furnished in connection with the improvement, maintenance, repair and/or alteration of the Real Property by Lessee. If any such lien attaches to the Real Property and is not discharged or released within sixty (60) days from the date of receipt by Lessee of written notice of same by Lessor, Lessor may, at its option, pay to the lien claimant the amount of such lien and notify Lessee of such payment, in which event such amount shall be immediately due and payable by Lessee and shall bear interest at the rate of ten percent (10%) per annum (the "**Default Rate**"); provided, however, that if Lessee desires to contest said lien, Lessee shall furnish to Lessor a bond written by a surety company licensed to do business in the state in which the Real Property are located or other security reasonably satisfactory to Lessor for an amount of at least equal to the amount of the lien for the Lessor's protection against all loss or expense on account of such asserted lien during the period of contest.

B. Lessor shall not, without the prior written consent of the Lessee and all Leasehold Mortgagees mortgage or create a lien upon (i) all or any part of the Real Property, or (ii) all or any part of its interest in this Lease or any Improvements. In the event of any such consent by the Leasehold Mortgagees, the Lessee shall not subordinate its leasehold interest and its interest in a sublease and sub-rents to a mortgagee of the fee estate granted by the Lessor.

11. USE AND OCCUPANCY

Lessee shall use and/or occupy the Real Property for multi-family rental housing in a careful, safe and proper manner, and Lessee may use the Real Property in any lawful manner and will comply with all lawful requirements of all valid laws, ordinances, rules and regulations of all governmental authorities pertaining to Lessee's use and/or occupancy of the Real Property. Lessee covenants and agrees to keep the Real Property in good maintenance and repair and in a safe, clean and sanitary condition. Should Lessee fail to perform any of its maintenance obligations hereunder within thirty (30) days of notice from Lessor, Lessor shall have the right to

enter the real property, perform such maintenance and bill Lessee the reasonable cost thereof.

12. SURRENDER OF THE LEASED PREMISES

Lessee will deliver up and surrender possession of the Real Property to Lessor upon the expiration of the Term of this Lease or its earlier termination in any way, in good condition, reasonable wear and tear, casualty and condemnation excepted, provided, however, that Lessee shall have the right to remove all Personal Property (as defined in Section 20) therefrom, as further provided in Section 20 hereof. Notwithstanding the foregoing, Lessee shall not voluntarily surrender or terminate the Lease at any time when the leasehold estate is encumbered by a Permitted Mortgage, without first obtaining the consent of each Leasehold Mortgagee. The Lessor agrees that it will not accept surrender of the Leased Premises or this Lease when the leasehold estate is encumbered by a Permitted Mortgage without first obtaining the consent of each Leasehold Mortgagee.

13. DEFAULT BY LESSEE

If Lessee shall fail to pay any installment of rent promptly on the day the same shall become due and payable hereunder, and such failure shall continue for a period of five (5) days after receipt by Lessee of written notice thereof from Lessor, or if Lessee shall fail to keep and perform promptly any other affirmative covenant of this Lease, in accordance with the terms of this Lease and such failure shall continue for a period of thirty (30) days after receipt of Lessee of written notice thereof from Lessor, the Lessor may, subject only to the provisions of Section 11 hereof, enter into the Leased Premises or any part thereof, with process of law, and expel Lessee or any person occupying the same in or upon said premises, in which event Lessee may remove from the Real Property all of the Personal Property as defined in Section 21 hereof; and Lessor may, at Lessor's sole option, either (A) declare this Lease to be terminated and repossess and enjoy the Leased Premises as in Lessor's former estate and all of Lessee's obligations hereunder shall be terminated, with the specific exception of amounts came due prior to the termination; or (B) without terminating this Lease, relet the Leased Premises, applying said rent from the new tenant on this Lease, and Lessee shall be responsible for no more than the balance that may be due, should a balance exist.

Further, Lessor agrees, simultaneously with the giving of notice hereunder, to give a duplicate copy to Lessee's Investor Limited Partner at the address set forth in Section 34 hereof. Lessee's Investor Limited Partner shall have the same cure period after the giving of notice as provided to Lessee plus an additional sixty (60) days. Lessee's Investor Limited Partner may cure the Event of Default or may cause a new Lessee's general partner to cure any Event of Default. Lessor agrees to accept such cure as if provided by Lessee itself.

14. DEFAULT BY LESSOR

If Lessor shall breach any warranty or fail to perform any covenant required to be performed by Lessor under the terms of this Lease and such breach or failure shall continue for a period of thirty (30) days after receipt by Lessor of written notice thereof from Lessee or if Lessor shall fail to pay any sums due to Lessee hereunder, and such failure shall continue for a period of fifteen (15) days after receipt by Lessor of written notice thereof from Lessee then

Lessee may, in addition to any of Lessee's other rights set forth elsewhere in this Lease, (A) cure any default or breach of warranty of Lessor hereunder, and perform any covenants which Lessor has failed to perform, and any sums expended by Lessee in curing such default or breach of warranty and performing such covenants shall be paid by Lessor to Lessee immediately upon demand, shall bear interest at the Default Rate from the date of demand, and may be offset by Lessee against future rentals; (B) bring suit to recover from Lessor all sums due Lessee from Lessor together with interest at the Default Rate thereon; and/or (C) declare this Lease to be terminated, in which event Lessee shall have no further liability hereunder. However, if the non-monetary default cannot with due diligence be cured prior to the expiration of thirty (30) days from the date of Lessor's receipt of the notice provided for above, and if Lessor commences within thirty (30) days after said date to eliminate the cause of such default and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default, then Lessee shall not have the right to declare this Lease terminated by reason of such default.

15. COVENANTS, EASEMENTS AND RESTRICTIONS

A. Access, Parking, Ingress/Egress Easements

Without limiting the application of the other provisions of this Lease insofar as they are applicable to this Agreement, the title to the Access Areas shall be good and marketable, subject only to the exceptions to title referred to in Section 7, and such other exceptions as Lessee may waive in writing. The Access Areas shall be included in the title insurance commitment and policy, and the Survey. Lessor agrees to obtain any non-disturbance agreements, consents, waivers, and any other agreements from the lienholders, mortgagees, tenants or any other party with superior rights in the Access Areas area should Lessee or the Title Insurance Company require any of the same to insure Lessee's easement rights granted herein. Lessor and Lessee agree that upon completion of the Survey, the legal description of the Access Areas from said survey shall be deemed to be the legal description of the Access Areas area for the purposes of this Lease.

B. Use Restriction

This Agreement shall be subject to any and all applicable United States Department of Housing & Urban Development ("HUD") approvals in accordance with the requirements of 24 C.F.R. Part 941, Subpart F, including the required approvals for disposition of the property.

This Agreement shall also be further restricted by the terms and provisions the Rental Assistance Demonstration (RAD) Use Agreement entered into between HUD & Lessor.

C. Parking and Right-of-Way:

All buildings have private parking lots for tenants and Lessee will be afforded full rights to all parking lots.

16. QUIET ENJOYMENT

Lessor hereby covenants and agrees that if Lessee shall not then be in default beyond any period for the cure thereof, Lessee shall, at all times during the Term, have peaceable and quiet enjoyment and possession of the Leased Premises without any manner of molestation or hindrance from Lessor or any other person, firm or corporation.

17. PAYMENTS

Lessor hereby covenants and agrees that, in the event Lessor shall fail to make the payments on any taxes, any payments on the Leased Premises, or other payments which Lessor is required to make under this Lease, Lessee may, but shall not be required to, make such tax payments or such other payments or do such acts and things as may be necessary to keep the Leased Premises free from liens or encumbrances, and all such sums expended by Lessee or due Lessee shall become immediately due and payable to Lessee by Lessor. When due, said sums shall bear interest at the Default Rate and may be offset by Lessee against future rentals.

18. WARRANTY OF TITLE BY LESSOR

Lessor hereby warrants, represents and covenants to Lessee that: (a) at the time of the execution by Lessor of this Lease and until the Memorandum of Lease is recorded, Lessor is the sole owner in fee simple absolute of the Leased Premises; (b) at the time of the execution by Lessor of this Lease and until the Memorandum of Lease is recorded, Lessor has good and marketable fee simple title to the Leased Premises free and clear of all liens and encumbrances except taxes not yet due and payable and other exceptions to title which have been approved in writing by Lessee; (c) Lessor does warrant and will defend the title to the Leased Premises, and will indemnify Lessee against any damage and expense which Lessee may suffer by reason of any lien, encumbrance, restriction or defect in the title or description herein of the Leased Premises; and (d) Lessor has full right and power to execute this Lease and to lease the Leased Premises for the Term provided in this Lease. In the event Lessor does not have the title and rights aforesaid, then in such event, in addition to any other rights of Lessee, this Lease shall, at the option of Lessee, become null and void, and no rent for the remainder of the term aforesaid shall become due to Lessor, its legal representatives or assigns, and all advance rents and other payments shall be returned by Lessor to Lessee, or Lessee may withhold rent thereafter accruing until Lessee is furnished proof satisfactory to Lessee as to the parties entitled to receive rent.

19. TITLE TO BUILDINGS, IMPROVEMENTS, FIXTURES AND EQUIPMENT

All trade fixtures and equipment including, but not limited to, all signs, tables, chairs, carpeting, lighting fixtures, inventory and supplies (collectively, the "Personal **Property**") shall remain and continue to be the sole and absolute property of Lessee and may be replaced at any time during the Term of this Lease and may be removed at the expiration or termination of this Lease; provided, however, that such removal shall not impair the structural integrity of the building and Lessee shall repair all damage to the building caused by such removal.

Title to the building and all other improvements on the Real Property and any repairs, alterations, additions or improvements to said building or improvements shall be vested in and

remain in Lessee's name at all times during the Term of this Lease. Additionally, (i) Lessee alone shall be entitled to the tax attributes of ownership, including without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credits described in Section 42 of the Code, and (ii) Lessee shall have the right to amortize capital costs and claim any other federal or state tax benefits attributable to the Project. Upon the expiration of this Lease, any extension or renewal hereof, or its termination in any way, title to the building and any improvements shall automatically pass to and become vested in Lessor and Lessee shall, upon request of Lessor, execute such quit-claim deed, bill of sale or assignment as may be necessary to evidence the transfer of such title to Lessor.

20. LESSEE'S SIGNS

Lessee shall have the right to install and maintain upon the Real Property signs with Lessor's approval, such approval shall not be unreasonably withheld, provided that such signs shall be in accordance with all applicable laws, ordinances and governmental regulations.

21. APPROPRIATION

If all or any part of the Leased Premises shall be appropriated or condemned by any public or quasi-public authority in the exercise of its right of condemnation or eminent domain, both Lessee and Lessor shall have the right to prosecute a claim for an award and to share in the proceeds of any and all awards based upon their respective interests as hereafter set forth. If all the Real Property shall be appropriated or condemned, this Lease shall terminate as of the time when possession shall be required by such public or quasi-public authority. Notwithstanding any allocation made by the awarding authority, any and all awards shall be paid and allocated as set forth below provided there shall first be deducted from any award any outstanding amounts secured by the Permitted Mortgage which shall be paid to the Leasehold Mortgagees in their respective order of priority, Thereafter, Lessor shall be entitled to receive that portion of any and all awards necessary to compensate it for the outstanding rents owed prior to the taking and for the present value of its reversionary interest, and notwithstanding the termination of this Lease, Lessee shall be entitled to that portion of any and all awards (in excess of amounts paid to the Leasehold Mortgagee) necessary to compensate it for the value of its improvements to the Real Property, the value of its leasehold estate and the damages which it may sustain as a result of termination of this Lease prior to the end of the Term.

In the event that a part of the Leased Premises shall be taken or condemned and that (A) the part so taken includes the building on the Real Property or any part thereof, or (B) such partial taking shall result in cutting off direct access from the Real Property to any adjacent public street or highway, or results in the permanent closing or relocation of any street adjoining the Real Property to which there is direct access to and from the Real Property or materially impairs or adversely affects Lessee's use of the Real Property and Lessor is unable to promptly provide Lessee with a suitable alternate means of access, in Lessee's sole opinion, then and in any such event, Lessee may, with consent of the Leasehold Mortgagee holding the first leasehold mortgage lien and subject to the terms of its Leasehold Mortgage, at any time either prior to or within a period of sixty (60) days after the date when the condemning authority shall acquire possession of the property taken or condemned, elect to terminate this Lease. In the

event Lessee elects to terminate this Lease, any and all awards shall be distributed as set forth above. In the event that Lessee shall not elect to terminate this Lease or in the event that a part of the Leased Premises shall be taken or condemned under circumstances under which Lessee will have no such election, then and in either event, Lessee shall receive so much of any and all awards (in accordance with the term of the Leasehold Mortgage constituting the first lien on the Leased Premises) as is necessary to pay for repairs to and alterations of the improvements on the Real Property for the purpose of restoring the same to an economic architectural unit, susceptible to the same use as that which was in effect immediately prior to such taking, and Lessor shall receive the balance, if any, of any awards.

In the event that this Lease shall not terminate after any part of the Leased Premises is taken or condemned, then there shall be a reduction in rental equal to the lesser of (A) the percentage of the ground area of the Real Property which is taken or condemned or (B) the percentage by which the gross rental income made by Lessee at the Real Property during the one year following the date on which the condemning authority takes possession of part of the Leased Premises are less than the gross rental income during the one year immediately preceding the date of possession by the condemning authority.

22. SUBORDINATION

This Lease shall be subject to the lien of the specific Permitted Mortgages which are contained in **Exhibit D**.

23. ESTOPPEL INSTRUMENTS

At any time and from time to time upon written request of the Lessee or Lessor, or any Mortgage Lender, Lessor or Lessee, shall deliver an estoppel certificate evidencing the following: (a) the Lessor consents to the Permitted Mortgages identified in Exhibit E; (b) the terms of the Lease; (c) all exhibits evidencing the Lease; (d) there have been no unapproved changes to the Lease; (e) the Lease is in full force and effect; (f) there are no known defaults and no pending defaults under the terms of the Lease; (g) confirming the date and year through which the rent is paid; and (h) any other provision mutually agreed to by the parties to the estoppel certificate.

24. ACCESS TO PREMISES BY LESSOR

Lessor shall have access to the Real Property at all reasonable hours and upon reasonable notice during the Term for the purpose of examining the same; provided, however, that Lessor shall not interfere in any way with the business of Lessee.

25. ASSIGNMENT AND SUBLETTING BY LESSEE

Lessee may sublet all or any part of the Leased Premises to eligible tenants, at any time and from time to time during the Term of this Lease, and any extensions and renewals thereto. Any assignment, subletting, encumbering or shared possession consented to by the Landlord shall not constitute a waiver of the necessity for consent to any subsequent assignment, subletting, encumbering or shared possession.

26. LESSOR'S IMPROVEMENTS

Lessor shall renovate and rehabilitate any and all buildings on the Real Property, at its sole cost and expense, in a good and workmanlike manner (which improvements are hereinafter collectively referred to as the "**Lessor's Improvements**"), as more particularly described in the approved Scope of Work or Plans & Specifications, as attached as **Exhibit E**:

Lessor shall obtain any and all required government approvals and permits required for the Lessor's Improvements.

Not later than the date on which all of the conditions precedent in Section 8 are satisfied or waived by Lessee, Lessor shall commence, and shall thereafter diligently pursue the completion of Lessor's Improvements. It is understood and agreed that Lessor's Work shall be deemed complete when Lessee approves and accepts, in writing, Lessor's Improvements (hereinafter "**Completion Date**").

Lessor agrees that the Lessor's Improvements shall be completed in a good and workmanlike manner and warrants the work for the Term of this Lease.

27. HAZARDOUS MATERIALS

Lessor hereby represents, covenants and warrants to Lessee that (A) Lessor has not used the Real Property for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance, including hydrocarbons, all as defined by applicable federal, state or local laws, statutes or ordinances (collectively referred to as "Hazardous Materials"), nor does Lessor have knowledge of such use by others; (B) Lessor has not caused or permitted and has no knowledge of the release of any Hazardous Materials on the Real Property or which would affect the Real Property; (C) no event has occurred with respect to the Real Property which would constitute a violation of any applicable environmental law, ordinance or regulation; (D) Lessor has not received any notice from any governmental authority or other agency concerning the removal of any Hazardous Materials from the Real Property; and (E) Lessor has disclosed to Lessee the location of all underground storage tanks on the Real Property (if any). Lessor shall provide Lessee with a copy of any and all notices or communications which it receives or has received which suggest that potential environmental problems may exist on the Real Property. The representations, covenants and warranties contained in this paragraph shall survive the termination or expiration of this Lease.

If any federal, state, county or municipal governmental agency, authority or instrumentality issues or asserts any environmental or other lien, order or decree related to Hazardous Materials on or affecting the Real Property and/or the removal or neutralization of any Hazardous Materials stored, generated, manufactured or disposed of on the Real Property and if (A) Lessor does not pay, satisfy or remove any said environmental lien on the Real Property or commence activity sufficient to comply with said order or decree within thirty (30) days from the date of said environmental lien or issuance of said order or decree, and (B) as a result of said environmental lien, order or decree, Lessee or Lessee's operation of the Real Property is adversely affected, then Lessee may terminate this Lease following thirty (30) days written notice to Lessor, unless said lien, order or decree is a direct result of Lessee's

operations, but Lessee shall not be required to pay any termination fee. Lessor covenants and agrees to indemnify, defend and hold Lessee harmless from and against any and all liens, claims, demands, judgment, damages, penalties, fines, costs, loss or expenses (including reasonable attorney, consultant and expert fees) that arise as a result of the presence, suspected presence or discharge of Hazardous Materials from, on or in the Real Property, except as may be caused by the actions of Lessee its agents or employees and occurring during Lessee's possession of the Leased Premises. Without limiting the generality of the foregoing, this indemnification by Lessor shall include costs incurred in connection with any site investigation or any remedial, removal or restoration work resulting from the events indemnified against.

Lessee shall not use or allow the Leased Premises to be used for the release, storage, use, treatment, disposal or other handling of any hazardous substances, without the prior consent of Lessor. Lessee shall comply with all federal, state, and local laws, codes, ordinances, regulations, permits and licensing conditions governing the release, discharge, emission, or disposal of any hazardous substances on the Leased Premises. Lessee covenants and agrees to indemnify, defend and hold Lessor harmless from and against any and all liens, claims, demands, judgments, damages, penalties, fines, costs, loss or expenses (including reasonable attorney, consultant and expert fees) that arise as a result of the presence, suspected presence or discharge of toxic or hazardous substances from, on or in the Leased Premises caused by the actions of Lessee and first occurring during Lessee's possession of the Leased Premises. Without limiting the generality of the foregoing, this indemnification by Lessee shall include costs incurred in connection with any site investigation or any remedial, removal or restoration work resulting from the events indemnified against.

28. NON-WAIVER

The failure of Lessor or Lessee to enforce any of the rights given to it under this Lease by reason of the violation of any of the covenants in this Lease to be performed by Lessee or Lessor shall not be construed as a waiver of the rights of Lessor or Lessee to exercise any such rights as to any subsequent violations of such covenants, or as a waiver of any of the rights given to Lessor or Lessee by reason of the violation of any of the other covenants of this Lease.

29. CONSTRUCTION OF LEASE

Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, legal representatives, successors, sublessees and assigns of said parties, unless the context excludes such construction.

30. INVALIDITY OF PROVISIONS

If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

31. DISPUTE RESOLUTION PROVISIONS

A. Arbitration

If there is any dispute under this Lease either party may send to the other a notice that it wishes to refer the matter to arbitration ("**Arbitration Notice**") and the dispute shall be submitted to arbitration in **Detroit, Michigan** in accordance with the rules and procedures of the American Arbitration Association. The fees and expenses of the arbitrator shall be borne by the party designated by the arbitrator as the non-prevailing party. Subject to Subparagraph B, submission to arbitration pursuant to the provisions of this paragraph shall be a condition precedent to the bringing of any action with respect to this Lease;

B. Injunction

Notwithstanding anything contained in this paragraph to the contrary, any application for an injunction by either party to enforce a provision of this Lease shall be submitted to a court of competent jurisdiction and shall not be subject to the arbitration provisions of this paragraph.

32. BROKER

Lessor and Lessee represent that they have not dealt with any brokers who claim a commission hereunder except as documented by separate agreement whose commission shall be paid by Lessor. Lessor and Lessee both represent and warrant to one another that no other real estate brokers or agents have been used or consulted in connection with the leasing of the Real Property and each covenants and agrees to defend, indemnify and save the other harmless from any actions, damages, fees, real estate or brokerage commissions, costs, and/or expenses (including reasonable attorneys' fees) resulting from or claimed to be due on account of the leasing of the Leased Premises due to the acts of the indemnifying party.

33. AMENDMENT(S)

This Lease shall not be amended, modified, cancelled or terminated without the written consent of the Mortgage Lenders, Lessee's Investor Limited Partner, MSHDA and HUD.

34. SERVICE OF NOTICE

Notices hereunder shall be in writing signed by the party serving the same and shall be sent to the following addresses:

If intended for Lessor or Lessee:

404 N. Ashley
Ann Arbor, MI 48103

With a copy to:

NEF Assignment Corporation
10 S. Riverside Plaza, Suite 1700
Chicago, ILL 60606
Attn. General Counsel

35. STANDSTILL RIGHTS

Notwithstanding the foregoing, so long as the National Equity Fund (or an affiliate thereof) is a limited partner of the Lessee, Lessor will not commence foreclosure proceedings with respect to the Project under this Lease or exercise any other rights or remedies it may have under this Lease. Lessor waives no rights or remedies it may have under this Lease, but merely agrees not to enforce those rights or remedies until the end of the Compliance Period (as such term is defined in the Lessee's Amended and Restated Agreement of Limited Partnership).

36. INVESTOR LIMITED PARTNER TRANSFERS

Notwithstanding anything in this Lease to the contrary, the following transfers shall be permitted without the prior consent of Lessor: (i) a transfer of Lessee's limited partnership interest and (ii) replacement of Borrower's general partner(s) pursuant to the Partnership Agreement, provided that such replacement general partner is an affiliate of NEF Assignment Corporation and notice of such removal has been provided to Lessor.

37. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DEPARTMENT ("HUD") PROVISIONS

Notwithstanding any other clause or provision in this Lease and so long as the Rental Assistance Demonstration Use Agreement dated as of substantially even date herewith, as amended from time to time ("Use Agreement") is in effect, the following provisions shall apply:

1. If any of the provisions of this Lease conflict with the terms of the Use Agreement, the provisions of the Use Agreement shall control.
2. The provisions in this 37 are required to be inserted into this Lease by HUD and may not be amended without HUD's prior written approval.
3. Violation of the Use Agreement constitutes a default of this Lease.
4. Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested in the Lessor and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Lessee shall vest in Lessor.
5. Neither the Lessee nor any of its partners shall have any authority to:
 - a. Take any action in violation of the Use Agreement; or
 - b. Fail to renew the Housing Assistance Payment ("HAP") Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Lessor or HUD.
 - c. Except to the extent permitted by the HAP Contract or Use Agreement and the normal operation of the Project, neither the Lessee nor any partners shall have any authority without the consent of the Lessor to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project as identified in the Use Agreement or any part thereof.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Ground Lease as of the day and year first written above.

LESSOR:

ANN ARBOR HOUSING COMMISSION,
a Michigan public body corporate

By: _____
Name: Jennifer Hall
Its: Executive Director

LESSEE:

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

By: West Arbor GP, LLC
Its: General Partner

By: _____
Name: Jennifer Hall
Its: Manager

ATTACHMENTS:

- Exhibit A: Description of Real Property
- Exhibit B. Memorandum of Ground Lease
- Exhibit C: Subordination Nondisturbance Agreement
- Exhibit D: Permitted Mortgages

Exhibit A
LEGAL DESCRIPTION
WEST ARBOR DEVELOPMENT

Land situated in the City of Ann Arbor, County of Washtenaw, State of Michigan, is described as follows:

PARCEL 1:

Lots 253, 254, 255, 256, 257, 258, 259, 260, 261, 273, 274, 275, 276, 277, 278, 279, 291, 292, 293 and 294, including that part of vacated Seybold Drive described as: Beginning at the Southeast corner of Lot 259 and the West right-of-way of Seybold Drive, SCIOTO HILLS NUMBER ONE, as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records; thence South in the West right-of-way line of Seybold Drive, now known as Vine Court, 320.00 feet; thence deflecting 90 degrees 00 minutes left 50.00 feet; thence North in the East right-of-way line of Seybold Drive, 320.00 feet; thence deflecting 90 degrees 00 minutes left 50.00 feet to the Place of Beginning, SCIOTO HILLS NUMBER ONE, according to the plat thereof as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records.

Tax Item Nos.

09-08-24-421-001, as to Lots 253 through 261 and vacated street

09-08-24-400-002, as to Lots 273 through 279, Lots 291 through 294 and vacated street

PARCEL 2:

Lots 271 and 272, SCIOTO HILLS NUMBER ONE, according to the plat thereof as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records.

Tax Item No. 09-08-24-400-011

MEMORANDUM OF GROUND LEASE AGREEMENT

THIS MEMORANDUM OF GROUND LEASE AGREEMENT (this “*Memorandum*”) is made effective this ____ day of _____, 2015 by and between **ANN ARBOR HOUSING COMMISSION**, a public body corporate (“*Lessor*”), whose address is 727 Miller Ave., Ann Arbor, MI 48103, and **WEST ARBOR LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP**, a Michigan limited partnership (“*Lessee*”), whose address is 727 Miller Ave., Ann Arbor, MI 48103.

RECITALS

WHEREAS, Lessor and Lessee are the current parties under that certain Ground Lease Agreement dated _____, 2015 with a commencement date as defined in Section 2A thereof; and

WHEREAS, Lessor and Lessee have agreed to the terms of the Ground Lease Agreement dated the same date as this Memorandum, and wish to record this Memorandum as notice of the terms of the Ground Lease (hereafter, the Ground Lease is referred to as the “*Lease*”) and the status of certain rights and interests thereunder through the recording of this Memorandum in the Public Records; and

WHEREAS, the Lease pertains to certain real property leased to Lessee (the “*Leased Premises*”) together with access and utility easements granted to Lessee, more particularly described on **Exhibit “A”** attached hereto and incorporated herein by this reference.

OPERATIVE PROVISIONS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. The recitals hereinabove are true and correct and are incorporated herein by this reference.

2. The Lease commenced on _____, 2015 and will expire on December 31, 2114.

3. The parties consent to the recording of this Memorandum in the public records of the county in which the Leased Premises is situated, and agree that this Memorandum shall be executed in recordable form.

4. This Memorandum may be executed in counterparts, each of which shall constitute an original instrument.

LESSOR:

LESSEE:

ANN ARBOR HOUSING COMMISSION, a public body corporate

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

By: _____

Name: Jennifer Hall

Title: Executive Director

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

Its: General Partner

By:

Name: _____
Jennifer Hall

Title: _____
Manager

STATE OF MICHIGAN)
) SS
COUNTY OF WASHTENAW)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that on _____, 2015, Jennifer Hall, personally known to me to be the Executive Director of Ann Arbor Housing Commission, a Michigan public body corporate, on behalf of the Ann Arbor Housing Commission, he/she signed, signed the said instrument for the uses and purposes therein set forth.

Notary Public, State of Michigan, County of Washtenaw

Acting in the County of _____

My Commission Expires: _____

STATE OF MICHIGAN)

) SS

COUNTY OF WASHTENAW)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO
HEREBY CERTIFY that on _____, 2015 Jennifer Hall, personally known to me to be
the Secretary-Treasurer of West Arbor GP, LLC, a Michigan limited liability company, and the
general partner of West Arbor Limited Dividend Housing Association Limited Partnership, on
behalf of the limited partnership, he/she signed the said instrument for the uses and purposes
therein set forth.

Notary Public, State of Michigan, County of Washtenaw

Acting in the County of _____

My Commission Expires: _____

This document was prepared by,
and after recording return to:

Rochelle E. Lento, Esq.
Dykema Gossett PLLC
400 Renaissance Center
Detroit, MI 48243
(313)568-5322

EXHIBIT "A"

LEASED PREMISES

Land situated in the City of Ann Arbor, County of Washtenaw, State of Michigan, is described as follows:

PARCEL 1:

Lots 253, 254, 255, 256, 257, 258, 259, 260, 261, 273, 274, 275, 276, 277, 278, 279, 291, 292, 293 and 294, including that part of vacated Seybold Drive described as: Beginning at the Southeast corner of Lot 259 and the West right-of-way of Seybold Drive, SCIOTO HILLS NUMBER ONE, as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records; thence South in the West right-of-way line of Seybold Drive, now known as Vine Court, 320.00 feet; thence deflecting 90 degrees 00 minutes left 50.00 feet; thence North in the East right-of-way line of Seybold Drive, 320.00 feet; thence deflecting 90 degrees 00 minutes left 50.00 feet to the Place of Beginning, SCIOTO HILLS NUMBER ONE, according to the plat thereof as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records.

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PARCEL 2:

Lots 271 and 272, SCIOTO HILLS NUMBER ONE, according to the plat thereof as recorded in Liber 8 of Plats, Page 30, Washtenaw County Records.

Tax Item No. 09-08-24-400-011

Exhibit C
Subordination and Nondisturbance Agreement

[to be provided by permanent lender.]

Exhibit D
Permitted Mortgages

- JPMorgan Chase Construction Loan Mortgage for
- Ann Arbor Housing Commission Secondary Loan Mortgage
- Capital Fund Investment Corporation Permanent Loan Mortgage

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