

**CITY OF ANN ARBOR AFFORDABLE HOUSING COVENANT  
FOR ANN ARBOR CITY APARTMENTS**

This Affordable Housing Covenant ("Covenant") is entered into as of the \_\_\_\_\_ day of November, 2011, by and between Ann Arbor City Apartments LLC, a Delaware limited liability company, with principal address at 30833 Northwestern Highway, Suite 300, Farmington Hills, MI 48334 ("Proprietor"), and the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 East Huron Street, Ann Arbor MI 48107 ("City").

This Covenant applies to the real property commonly known as 201 South First Street, in the City of Ann Arbor, Washtenaw County, State of Michigan ("Property"), more particularly described as:

PART OF THE NORTHEAST ¼ OF SECTION 29, TOWN 2 SOUTH, RANGE 6  
EAST, WASHTENAW COUNTY, MICHIGAN

LOTS 1, 2 AND 3 OF BLOCK 2 SOUTH OF HURON STREET, RANGE 2 EAST,  
ORIGINAL PLAT OF THE VILLAGE (NOW CITY) OF ANN ARBOR, AS  
RECORDED IN TRANSCRIPTS, PAGE 152, WASHTENAW COUNTY  
RECORDS.

BEING ALSO DESCRIBED AS BEGINNING AT THE NORTHWEST CORNER  
OF LOT 1 OF BLOCK 2 SOUTH OF HURON STREET, RANGE 2 EAST,  
ORIGINAL PLAT OF THE VILLAGE (NOW CITY) OF ANN ARBOR, AS  
RECORDED IN TRANSCRIPTS, PAGE 152, WASHTENAW COUNTY  
RECORDS; THENCE ALONG THE NORTH LINE OF SAID LOT 1  
S.86°19'08"E., 124.02 FEET TO THE NORTHEAST CORNER OF SAID LOT 1;  
THENCE ALONG THE EAST LINE OF LOTS 1, 2 AND 3 OF SAID BLOCK 2  
SOUTH OF HURON STREET, RANGE 2 EAST, ORIGINAL PLAT OF THE  
VILLAGE (NOW CITY) OF ANN ARBOR S.03°38'28"W., 198.91 FEET TO THE  
SOUTHEAST CORNER OF SAID LOT 3; THENCE ALONG THE SOUTH LINE  
OF SAID LOT 3 N.86°14'03"W., 124.18 FEET TO THE SOUTHWEST CORNER  
OF SAID LOT 3; THENCE ALONG THE WEST LINE OF SAID LOTS 1, 2 AND 3  
N.03°41'15"E., 198.72 FEET TO THE POINT OF BEGINNING.

Parcel ID: \_\_\_\_\_

## RECITALS

WHEREAS, on December 1, 2008, the Proprietor received Planned Unit Development (PUD) zoning for the development of said property for the purpose of using it to provide both market rate and affordable rental dwelling units;

WHEREAS, the Ann Arbor City Apartments PUD Zoning District Supplemental Regulations that were approved on December 1, 2008 and incorporated into the PUD zoning established for the Property (the "Supplemental Regulations") require that a minimum of 10% of the total number of residential dwelling units in the PUD zoning district shall be permanently affordable to lower income households as defined in Chapter 55 of Ann Arbor City Code, and shall be made available for lease solely to eligible households;

WHEREAS, the Proprietor has agreed to provide sixteen residential rental dwelling units on the Property that are affordable to households up to 80% of Area Median Income, with the option of providing a number of these rental dwelling units on the Property that are affordable to households up to 60% of Area Median Income, which satisfies the minimum ten percent requirement set forth in the Supplemental Regulations;

WHEREAS, the Proprietor has the option, in Proprietor's sole discretion, of receiving \$100,000 per dwelling unit, for up to a total of \$400,000, from the Ann Arbor Downtown Development Authority to cause up to four those affordable residential rental dwelling units to be provided to households at 60% of Area Median Income (or less, in Proprietor's sole discretion);

WHEREAS, consistent with the terms of the Master Deed for the Ann Arbor City Apartments Condominium that will be recorded subsequent to this Covenant, the terms and conditions of this Covenant shall apply only to Unit 2 of the Condominium which is to contain residential apartments; and

WHEREAS, it is the intent of the Proprietor to maintain through this Covenant the affordability of these dwelling units for low income households, and to grant to the City the right to enforce compliance with this Covenant.

NOW THEREFORE, in consideration of the benefits received by the parties, the sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. Definitions

As used in this Covenant, the following capitalized terms shall have the following meanings, and shall include the plural as well as the singular:

- A. "Affordable Dwelling Unit" means a rental apartment that shall be leased to a Qualified Tenant.
- B. "Annual Household Income" means the aggregate annual income of a Household.
- C. "Area Median Income" or "AMI" means the Area Median Income reported annually for single persons and households of various sizes by the United States Department of Housing and Urban Development for the metropolitan statistical area, which includes the City of Ann Arbor, Michigan.

- D. "City" means the City of Ann Arbor or its designee. The City retains the right to conduct its activities described under this Covenant through a contract with another entity.
- E. "Certification of Income" means a certification made by the City that verifies that the Annual Household Income of a Qualified Tenant meets the Designated Affordability Level for an applicable Affordable Dwelling Unit, on such form as the City approves.
- F. "Certification of Residency" means a certification made by a tenant of an Affordable Dwelling Unit that states that the tenant occupies the Affordable Dwelling Unit as its primary residence, on such form as the City approves.
- G. "Designated Affordability Level" means the percentage of AMI assigned to each Affordable Dwelling Unit, at or below which a Qualified Tenant's income must fall.
- H. "Household" means the lessee and all persons who occupy the Affordable Dwelling Unit.
- I. "Household Income" means the aggregate annual income of a Household as determined by using the standards set forth in 24 CFR 92.203(b)(1), (which refer to the HUD Section 8 definition), or 24 CFR 92.203(b)(3),(which uses adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes), as amended. In the event that the IRS 1040 form is eliminated or the definition of income under 24 CFR 92.203 is substantially modified, then Income shall mean the anticipated total taxable income for the next twelve month period received from all sources by the Household, excluding, however, temporary or non-recurring income (including gifts).
- J. "Market-Rate Dwelling Unit" means a rental apartment that is not an Affordable Dwelling Unit.
- K. "Qualified Tenant" means a Household that (i) has an Annual Household Income, as certified by the City, less than or equal to the Designated Affordability Level for the applicable Affordable Dwelling Unit at the time of leasing and subsequent lease renewals, (ii) shall occupy the Affordable Dwelling Unit as its principal residence during its lease of such Affordable Dwelling Unit, (iii) shall not permit exclusive occupancy of the Affordable Dwelling Unit by any other Person, (iv) shall use and occupy the Affordable Dwelling Unit as an Affordable Dwelling Unit subject to the Affordability Requirement and this Covenant.

2. Term of Covenant

The term of this Covenant shall be for ninety-nine (99) years from the date of issuance of the first residential certificate of occupancy for the Property. The expiration of this Covenant does not relieve the Proprietor of any continuing obligation to provide affordable housing as required by City zoning ordinance.

3. Compliance with Laws

The Proprietor agrees to comply with all federal, state and local laws applicable to the Affordable Dwelling Units and the services required by this Covenant.

4. Affordability Requirement

Proprietor shall construct, reserve, and maintain and lease sixteen (16) Affordable Dwelling Units to Qualified Tenants on the Property in accordance with this Covenant, at a rental rate at or below the Maximum Monthly Rent for the 80% Designated Affordability Level.

5. Optional Affordability Requirement

Proprietor, in its sole discretion, shall have the option to construct, reserve and maintain up to four (4) of the sixteen (16) Affordable Dwelling Units to Qualified Tenants on the Property in accordance with this Covenant, at a rental rate at or below the Maximum Monthly Rent for the 60% Designated Affordability Level.

This Optional Affordability Requirement is applicable for the Term of Covenant only after the Proprietor receives \$100,000 for each Affordable Dwelling Unit designated by the Proprietor to be made available to a Qualified Tenant at or below the Maximum Monthly Rent for the 60% Designated Affordability Level.

The City of Ann Arbor Downtown Development Authority has agreed to pay the Proprietor \$100,000 for each unit, being a portion of the cost to construct each Affordable Dwelling Unit Property, up to a maximum of \$400,000 toward the construction of such units. Payment is to be made by the City of Ann Arbor Downtown Development Authority within 30 days of receipt of notice from the Proprietor that the designated Affordable Dwelling Units have received temporary certificates of occupancy for such units, subject only to minor punch list and/or seasonal related work for which a reasonable amount, determined in accordance with industry standards, shall be held back in escrow with a Title Company, or other mutually agreeable escrow agent, and released to the Proprietor upon reasonable evidence of completion. The Proprietor shall notify the City of Ann Arbor Downtown Development Authority and the City of the number of units it intends to designate at the 60% Designated Affordability Level, if any, consistent with the terms of this Covenant within 180 days from the date of recording of this Covenant.

6. Affordable Dwelling Unit Standards and Locations

- A. Unit Designation. Prior to the initial occupancy of the residential apartments, and upon the issuance of the first certificate of occupancy for any residential apartment on the Property, Proprietor shall designate 16 specific rental apartments as Affordable Dwelling Units at the 80% Designated Affordability Level consistent with the terms of the Covenant, by providing notice of such designation to City. If the Proprietor opts to include up to four 4 additional units at the 60% Designated Affordability Level, the Proprietor shall designate the additional Affordable Dwelling Units in the same notice. Such notice shall provide the unit number (or similar identifier), floor, location, square footage, and number of bedrooms for each Affordable Dwelling Unit. Proprietor shall not amend or modify the list of Affordable Dwelling Units without the City's prior written approval, which shall not be unreasonably withheld, except to the extent permitted under Section 10E.
- B. Unit Size. The Affordable Dwelling Units in each bedroom category (studio, 1-bedroom and 2-bedroom units) shall be of a size equal to the Market-Rate Dwelling Units available in each category. Nothing in this covenant shall restrict Proprietor's right to determine, in its sole discretion, which unit size categories to designate as the Affordable Dwelling Units.

- C. Unit Locations. Affordable Dwelling Units shall be disbursed throughout the Property and not be concentrated entirely on any one floor of the Property.
- D. Finishes. All interior and exterior finishes of Affordable Dwelling Units shall be comparable in appearance, finish and durability to Market-Rate Dwelling Units, and appliances and equipment in Affordable Dwelling Units shall be functionally equivalent to the Market-Rate Dwelling Units.
- E. Alteration. The Proprietor shall maintain, upkeep, repair and replace interior components (including, but not limited to fixtures, appliances flooring and cabinetry) of the Affordable Dwelling Units with equivalent components used to replace items in Market-Rate Dwelling Units. The Proprietor shall not remove fixtures or appliances installed in an Affordable Dwelling Unit other than for maintenance, repair and replacement.
- F. Use. Except as provided herein, all tenants of Affordable Dwelling Units shall have the same and equal use and enjoyment of all of the amenities of the Property and services provided at the Property as the tenants of the Market-Rate Dwelling Units. No restrictions, requirements or rules shall be imposed on tenants of Affordable Dwelling Units that are not imposed equally on the tenants of the Market-Rate Dwelling Units. If amenities, services, upgrades, or other facilities are offered as an option at an additional upfront and or recurring cost or fee to the comparable Market-Rate Dwelling Units, such amenities, services, upgrades, or other facilities shall be offered to the tenants of the Affordable Dwelling Units at the same upfront and or recurring cost or fee. If there is no cost or fee charged to the tenants of Market-Rate Units for such amenities, services, upgrades, or other facilities, there shall not be a cost or fee charged to the tenants of the Affordable Dwelling Units.

7. Rental Process and Determination of Tenant Eligibility

- A. Determination of Eligibility. Each Household occupying an Affordable Dwelling Unit shall be certified as a Qualified Tenant by the City prior to leasing such unit. The City shall review and approve or deny a prospective Household's Certification of Income and Certification of Residency.

The Proprietor shall collect the documentation needed to determine if the prospective tenant is eligible. For all prospective tenants that a Proprietor offers to the City to certify as a Qualified Tenant, the City shall make such a determination in no more than 14 calendar days from the receipt of the required information needed to verify eligibility. Failure to timely respond to a request to certify a prospective tenant as eligible shall constitute a certification by the City that the prospective tenant is a Qualified Tenant.

- B. Referrals. The Proprietor may seek tenants on its own, or obtain referrals of prospective tenants for the Affordable Dwelling Units from the City, or federal, state, or local government agencies or nonprofits, provided such referrals comply with the requirements of this Covenant. In all cases, before a prospective tenant leases an Affordable Dwelling Unit, their Annual Household Income shall be certified by the City.
- C. Consideration of Applicants. For the initial occupancy of the Affordable Dwelling Units, if the demand for Affordable Dwelling Units exceeds number of units available then, after review of Qualified Tenants per Proprietor's leasing criteria, the Proprietor shall select acceptable Qualified Tenants through a lottery system or other system as otherwise approved by the City. Following the initial occupancy of the Affordable Dwelling Units,

the Proprietor shall consider each applicant in the order in which the application is received by the Proprietor.

- D. Rejection of Applicants. In connection with the leasing of an Affordable Dwelling Unit, Proprietor may reject any applicant if, after diligent review of such applicant's application, the Proprietor determines in good faith that such applicant does not meet the Proprietor's criteria to lease or occupy an Affordable Dwelling Unit, provided such criteria does not violate applicable state and federal laws, and is the same criteria used by the Proprietor to lease or occupy the Market-Rate Dwelling Units. In the event any rejected applicant raises an objection or challenges Proprietor's rejection of such applicant, the Proprietor shall be solely responsible for ensuring that its rejection of such applicant is not in violation of federal or state law. To the extent permitted by law, Proprietor shall provide the City with all documents evidencing Proprietor's review and rejection of an applicant, upon the request of the City. The City acknowledges that review of criminal history and credit scores is permitted as part of the approval process. Rejection for negative information in these categories is permitted.

8. Initial Lease Year / Income Determination

- A. Term. The initial term of any Affordable Dwelling Unit lease agreement shall be for a period of one year.
- B. Income Determinations. A Household's income eligibility to rent an Affordable Dwelling Unit is determined by calculating the Maximum Annual Household Income for a Household occupying an Affordable Dwelling Unit.
- (i) The Maximum Annual Household Income for Affordable Dwelling Units with an 80% Designated Affordability Level is 80% of AMI.
  - (ii) The Maximum Annual Household Income for Affordable Dwelling Units with a 60% Designated Affordability Level is 60% of AMI.
- C. If a prospective tenant is not income eligible at the time of application, they must be denied and cannot be allowed to make changes to their work status or Household income in order to qualify for the Restricted Unit. An involuntary change in income would not disqualify the prospective buyer from becoming income eligible.

9. Establishment of Maximum Monthly Rent

The maximum allowable monthly rent ("Maximum Monthly Rent") for each Affordable Dwelling Unit with an 80% Designated Affordability Level shall be the Fair Market Rent for each specific bedroom size reported annually by the United States Department of Housing and Urban Development for the metropolitan statistical area, which includes the City of Ann Arbor, Michigan.

The Maximum Monthly Rent for each Affordable Dwelling Unit with a 60% Designated Affordability Level shall be 75% of the Fair Market Rent for each specific bedroom size reported annually by the United States Department of Housing and Urban Development for the metropolitan statistical area, which includes the City of Ann Arbor, Michigan.

The Maximum Monthly Rent shall include the following utilities: water, sewer, waste disposal, electricity and heating. If the Proprietor does not provide heat and the tenant must pay

directly for heat, then the Proprietor shall reduce the Maximum Monthly Rent by 5%. If the Proprietor does not provide electricity, then the Proprietor shall reduce the Maximum Monthly Rent by 5%. If the Proprietor does not provide heat and electricity, then the Proprietor shall reduce the Maximum Monthly Rent by 10%. The City Administrator, in his or her sole discretion, may reduce the amount Maximum Monthly Rents are adjusted for utilities. (An example of Maximum Monthly Rent is contained in Exhibit A.)

10. Subsequent Lease Years

- A. Rent Calculation. The Proprietor shall use the Maximum Monthly Rent to determine the rental amount for Affordable Dwelling Units in each lease year.
- B. Renewal by Affordable Dwelling Unit Tenant. For each Affordable Dwelling Unit with a tenant who intends to renew their lease, no more than ninety (90) days and no less than thirty (30) days before each anniversary of the first day of a residential lease, Proprietor shall obtain the following: (i) a Certification of Residency from each such Affordable Dwelling Unit Tenant; and (ii) a Certification of Income for each tenant completed by the City. Proprietor shall not permit a renewal of an Affordable Dwelling Unit lease unless the Affordable Dwelling Unit has provided the Proprietor with these documents prior to the end of the lease term.
- C. Annual Recertification of Tenants. Upon receipt of an Affordable Dwelling Unit tenant's renewal documents at annual recertification, the Proprietor shall determine if the Affordable Dwelling Unit tenant's Annual Household Income is below or above the Maximum Annual Household Income for the Designated Affordability Level for the subject Affordable Dwelling Unit and notify tenant of the same within fifteen (15) days prior to the expiration of the then-current lease term. Any Affordable Dwelling Unit Tenant whose Annual Household Income remains at or below the maximum income for the Designated Affordability Level for his/her Affordable Dwelling Unit will be eligible to remain in the Affordable Dwelling Unit and to renew his/her lease at the then-current lease rate for the particular Affordable Dwelling Unit.
- D. Annual Recertification of Over-Income Tenants. Upon annual recertification, if an Affordable Dwelling Unit Tenant's Annual Household Income is determined to exceed the Maximum Annual Household Income level applicable to the Designated Affordability Level for the subject Affordable Dwelling Unit (such tenant, an "Over-Income Tenant"), then the Over-Income Tenant may remain in the Affordable Dwelling Unit and pay the rent applicable to a higher Designated Affordability Level for which the Over-Income Tenant's Annual Household Income qualifies, whereupon the Proprietor may change the Designated Affordability Level of the Affordable Dwelling Unit to the higher Designated Affordability Level pursuant to Section E. If the Over-Income Tenant's then current Annual Household Income is above the maximum income at the Designated Affordability Level for all Affordable Dwelling Units located on the Property, Proprietor shall have the right to terminate the Lease, the Over-Income Tenant may remain in the rental unit and pay the market rate rent for that rental unit, whereupon Proprietor shall designate a Market-Rate Unit as an Affordable Dwelling Unit pursuant to Section E.
- E. Changes to Unit Location. Proprietor may transfer an Affordable Dwelling Unit to a new Designated Affordability Level or change the designation of an Affordable Dwelling Unit to a Market-Rate Unit as necessary to allow an Over-Income Tenant to remain in the unit. Following any change in designation of an Affordable Dwelling Unit, the Proprietor shall designate the next available, like-sized Market-Rate Unit in the Property as an

Affordable Dwelling Unit to bring the Property into conformity with the Affordability Requirement of this Covenant. Proprietor shall notify City of any such change in designation within thirty (30) days of such a designation.

- F. Rent from Subsidies. Nothing herein shall prevent the Proprietor from collecting rent from a subsidy or rent subsidy provider, such as a HUD rent voucher.
- G. Additional Income During Lease Term. An increase of Annual Household Income greater than the Maximum Annual Household Income at some point in time after lease is signed for an Affordable Dwelling Unit, shall not be a basis for the City to require the Proprietor to rent the unit to a Qualified Tenant.

11. No Subleasing of Affordable Dwelling Units

An Affordable Dwelling Unit Tenant may not sublease any portion of its Affordable Dwelling Unit or assign its lease to any other person who is not a Qualified Tenant, except with the City's and Proprietor's prior written consent, in the City's and Proprietor's sole and absolute discretion.

12. Representations of Affordable Dwelling Unit Tenant

By execution of a lease for an Affordable Dwelling Unit, each Affordable Dwelling Unit tenant shall be deemed to represent and warrant to the City and Proprietor, each of whom may rely thereon, that the Affordable Dwelling Unit tenant meets, and will continue to meet, all eligibility requirements contained in this Covenant for the rental of an Affordable Dwelling Unit.

13. Representations of Proprietor

By execution of a lease for an Affordable Dwelling Unit, the Proprietor shall be deemed to represent and warrant to the City, which may rely on the following, that: (i) based upon tenant supplied information, the Household is a Qualified Tenant, and (ii) the Proprietor is not charging the Affordable Dwelling Unit Tenant more than the Maximum Allowable Rent.

14. Annual Reporting Requirements

Beginning with the first occupancy of any Affordable Dwelling Unit, the Proprietor shall provide an annual report ("Annual Report") to the City regarding the Affordable Dwelling Units during the previous calendar year, which shall be submitted on March 1 of each year. The Annual Report shall include the following:

- A. The unit number, bedroom count, and Designated Affordability Level of each Affordable Dwelling Unit that is occupied;
- B. For each Affordable Dwelling Unit that is vacant or that was vacant for a portion of the reporting period, the manner in which the Affordable Dwelling Unit became vacant (e.g. eviction or voluntary departure) and the progress of having the unit re-occupied;
- C. For each occupied Affordable Dwelling Unit, the names and ages of all persons in the Household, the Household size, date of initial occupancy, Annual Household Income as of the date of the most recent Certification of Income, and the lease rate;
- D. A sworn statement that, to the best of the Proprietor's information and knowledge, the Household occupying each Affordable Dwelling Unit meets the eligibility criteria of this Covenant;

- E. A copy of all forms, policies, procedures, leases, and other documents reasonably requested by the City related to the Affordable Dwelling Units.

The Annual Reports shall be retained by the Proprietor for a minimum of five years after submission and shall be available, upon reasonable notice, for inspection by the City. Notwithstanding anything contained herein to the contrary, in the event that the Proprietor is providing a report with content substantially similar to the content of the Annual Reports described in this section, subject to the City Administrator's prior written approval, then the reporting requirements under this section shall be satisfied upon Proprietor's delivery of such report to the City. Proprietor shall also maintain copies of all initial and renewal leases for Affordable Dwelling Units for three years from execution.

15. Confidentiality

Except as may be required by applicable law, including, without limitation to, the *Michigan Freedom of Information Act (MCL 15.231 et. seq.)*, the Proprietor and the City shall not disclose to third parties the personal information of the Households, including the identity of the Households, submitted as a part of the Annual Report.

16. Inspection Rights

City shall have the right to inspect the Affordable Dwelling Units, upon reasonable advance notice to the Proprietor. If the Proprietor receives such notice, the Proprietor shall, in turn, give reasonable advance notice of the inspection to the tenant occupying an Affordable Dwelling Unit. The City shall have the right to inspect a random sampling of the Affordable Dwelling Units to confirm that the units are in compliance with applicable statutory and regulatory housing requirements and as otherwise permitted under this Covenant. The City shall have the right to conduct audits of a random sampling of the Affordable Dwelling Units and associated files and documentation to confirm compliance with the requirements of this Covenant.

17. Default

The Proprietor and each subsequent owner hereby grants and assigns the City the right to review and enforce compliance with this Covenant. Compliance may be enforced by the City by any lawful means, including without limitation: (a) requiring that Proprietor meet any unmet obligations to provide an Affordable Dwelling Unit in a subsequent year (b) seeking specific performance of the Proprietor's obligations under this Covenant, and (c) seeking money damages, including damages to reimburse the City for its enforcement costs including attorney fees and damages relating to Proprietor's rental of an Affordable Dwelling Unit in violation of the terms of this Covenant.

If a default occurs under this Covenant, the City shall provide the Proprietor with written notice setting forth with particularity the alleged violation and shall provide at least forty-five (45) days to cure the alleged violation, prior to exercising its remedies. The City Administrator may extend the cure period in his or her sole discretion.

18. Indemnification

The Proprietor shall indemnify, defend and hold the City, its officers and employees, harmless in the event of liability claims arising out of the Proprietor's activities undertaken in connection with this Covenant.

19. Miscellaneous

- A. Recital clauses listed above constitute an integral part of this Covenant and are incorporated by reference.
- B. Each Affordable Dwelling Unit is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, and occupied subject to the terms, conditions, restrictions and limitations of this Covenant. All of the herein-stated terms, conditions, restrictions and limitations of this Covenant are intended to run with the land and shall be binding upon the successors and assigns, including mortgagees and purchasers at foreclosure sale, of the Property.
- C. Any buyer or transferee of the Property, or of any portion of or interest in the Property, by acceptance of a deed thereto, or by the signing of a contract or agreement to purchase the same, shall, by acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the terms, conditions, restrictions and limitations set forth in this Covenant.
- D. This Covenant shall be interpreted under the laws of Michigan and venue for any suit regarding this Covenant shall be in Washtenaw County, Michigan.
- E. Notices to the Proprietor shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the Proprietor at the address set forth below, or such other address designated by the Proprietor by like notice:

Ann Arbor City Apartments LLC  
c/o Village Green Companies  
30833 Northwestern Highway, Suite 300  
Farmington Hills, MI 48334-2551  
Attention: Jonathan Holtzman

With a copy to:

Honigman Miller Schwartz and Cohn LLP  
39400 Woodward Avenue, Suite 101  
Bloomfield Hills, Michigan 48304-5151  
Attention: Jonathan R. Borenstein, Esq.

- F. Notices to the City shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the City at the address set forth below, or such other address designated by the City by like notice:

Office of the City Attorney  
City of Ann Arbor  
301 East Huron  
P.O. Box 8647  
Ann Arbor, MI 48107-8647

- G. If any provision of this Covenant shall be held by a court of proper jurisdiction to be invalid, illegal or unenforceable, the remaining provisions shall survive and their validity, legality or enforceability shall not in any way be affected or impaired thereby.

- H. No waiver of any term of this Covenant shall be deemed a further or continuing waiver of such term or any other term, and the City's failure to assert any right or provision of this Covenant shall not be deemed a waiver of such right or provision.
- I. Relief from any of the terms and conditions of the Covenant may be granted upon a written request to the City and approval of the City Council. Approval shall be in the City's sole discretion.
- J. If the Property is subdivided for the purpose of the sale of individual dwelling units, such sales shall be subject to City affordability restrictions, consistent with the Ann Arbor City Apartments PUD Zoning District Supplemental Regulations, Ann Arbor City Code, and other City policies and regulations regarding affordable housing.

*[Remainder of page intentionally blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Covenant as of the date first stated above.

Ann Arbor City Apartments LLC,  
a Delaware limited liability company

By: Village Green Residential Properties L.L.C.,  
a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF MICHIGAN        )  
  )  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2011,  
by \_\_\_\_\_, the \_\_\_\_\_ of Village Green Residential  
Properties L.L.C., a Michigan limited liability company, the \_\_\_\_\_ of Ann Arbor  
City Apartments LLC, a Delaware limited liability company, on behalf of said company.

\_\_\_\_\_  
\_\_\_\_\_, Notary Public  
\_\_\_\_\_ County, Michigan  
Acting in the County of \_\_\_\_\_  
My commission expires:

City OF ANN ARBOR,  
a Michigan municipal corporation

By: \_\_\_\_\_  
John Hieftje, Mayor

By: \_\_\_\_\_  
Jacqueline Beaudry, City Clerk

STATE OF MICHIGAN     )  
  )  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by John Hieftje and Jacqueline Beaudry, Mayor and City Clerk, respectively, of the City of Ann Arbor, a Michigan municipal corporation, on behalf of said corporation.

\_\_\_\_\_  
, Notary Public  
Washtenaw County, Michigan  
Acting in the County of Washtenaw  
My commission expires:

Approved as to Substance:

Approved as to Form:

\_\_\_\_\_  
Stephen D. Powers  
City Administrator

\_\_\_\_\_  
Stephen K. Postema  
City Attorney

\_\_\_\_\_  
Sumedh Bahl  
Community Services Unit Administrator

Drafted by and after recording return to:

Kevin S. McDonald  
Senior Assistant City Attorney (P-61761)  
Office of the City Attorney  
City of Ann Arbor  
301 E. Huron St.  
PO Box 8647  
Ann Arbor, MI 48107-8647

Exhibit A Sample Maximum Monthly Rent – 80% Designated Affordability Level

**Maximum Monthly Rent– 80% Designated Affordability Level - 2011**

	2011 Fair Market Rent	10% Utility Allowance Rent	5% Utility Allowance Rent
Efficiency	\$647	\$583	\$615
1 bedroom	\$725	\$652	\$689
2 bedroom	\$882	\$794	\$838
3 bedroom	\$1,110	\$999	\$1,054
4 bedroom	\$1,142	\$1,028	\$1,085

If all utilities are included in the rent, then the maximum rent is contained in the 2011 Fair Market Rent column. If electric and heating (electric, gas, or other) is paid by the tenant, then the maximum rent is contained in the 10% Utility Allowance Rent column. If the tenant pays electricity or heating (electric, gas, or other), then the maximum rent is contained in the “5% Utility Allowance Rent” column.