CITY OF BURTON

BURTON CITY COUNCIL MEETING

FEBRUARY 7, 2019

MINUTES

Council Chambers	**Special Meeting**	**6:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:00 PM.

A. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Duane Haskins	Vice President	Excused	
Dennis O'Keefe	Councilman	Excused	
Steven Heffner	President	Present	
Danny Wells	Councilman	Present	
Vaughn Smith	Councilman	Excused	
Christina Conley	Councilwoman	Excused	

B. STAFF PRESENT

Rik Hayman, Chief of Staff
Bette Bigsby, Acting Clerk

C. ADMINISTRATIVE REPORT

Mr. Hayman spoke about having the report that Council asked for on personnel charged to the Water/sewer Fund.

Mr. Hayman went over some crime statistics for Kings Lane. Police were called to Kings Lane 1037 times in the last year. There was 128 reports taken. Mr. Wells has a copy and Mr. Hayman stated he could get a copy for the rest of Council.

D. AUDIENCE PARTICIPATION

NONE

E. PRESENTATION

Attorney Joliat stated that there is no quorum at the meeting so the council cannot take any formal action on anything tonight. People came up and traveled a long way in inclement weather rather than turn them away it is the Council discretion to hear the presentation and ask questions seek information so it can be preserved as a committee or investigative study to be discussed or put on an agenda later.

Shahid Shaikh and Lisa Toth did a presentation on complexes they have rehabbed in other states.

Ms. Toth spoke of the way to address the crime aspect at Kings lane utilize a three prong approach. Crime free multi housing program introduced by the Arizona police department 48 states

1. The purpose of the meeting is for presentation, discussion, and possible action regarding the City of Burton's first right of refusal in accordance to the regulations of the US Housing and Urban Development property, Kings Lane Apartments.

Meeting was adjourned at 7:05 PM.

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Burton City Council
4303 S. Center Road
Burton, MI 48519

SCHEDULED

Meeting: 02/07/19 06:00 PM
Department: Clerk's Office
Category: Discussion
Prepared By: Bette Bigsby
Department Head: Bette Bigsby

PUBLIC HEARING (ID # 4233)

DOC ID: 4233

The purpose of the meeting is for presentation, discussion, and possible action regarding the City of Burton's first right of refusal in accordance to the regulations of the US Housing and Urban Development property, Kings Lane Apartments.

ATTACHMENTS:

- Kings Lane BOA-Statement_2018-12-31 (PDF)
- Kings Lane PILOT 116.04 (DOCX)
- Kings Lane Proposal-City of Burton (PDF)
- Kings Lane_Sale Docs (PDF)
- Kings Lane Union Square_Sale Docs (1) (PDF)

Bank of America

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WOMEN'S RETIREMENT LIVING INC.
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TOLEDO, OH 43607

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P.O. Box 25118
Tampa, FL 33622-5118

Your Combined Statement

for November 28, 2018 to December 26, 2018

Your deposit accounts	Account/plan number	Ending balance	Details on
Money Market Savings	[redacted]	$1,860,010.14	Page 3
BOA Core Checking	[redacted]	$ 122,951.77	Page 5
Total balance		**$1,982,961.91**	

PULL: B CYCLE: 56 SPEC: 0 DELIVERY: P TYPE: IMAGE: I BC: OH

§ 116.04 SERVICE CHARGE IN LIEU OF TAXES FOR KINGS LANE APARTMENTS.

(A) (1) It is acknowledged that it is a proper purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low and moderate income and to encourage the development of the housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development authority Act of 1966 (1966 Public Act 346, as amended, M.C.L.A. §§ 125.1401 *et seq.*; M.S.A. §§ 116.114(1) *et seq.*). The city is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all class of housing exempt from taxation under this Act. It is further acknowledged that such, housing for persons of low and moderate income is a public necessity, and as the city will be benefit and improved by the housing the encouragement of the same by providing certain real estate tax exemption for the housing is a valid public purpose; further, the continuation of the provisions of this ordinance for tax exemption and the service charge in lieu of taxes during the periods contemplated in this ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance of the ordinance and service charge.

(2) The city acknowledges that Kings Lane Limited Dividend Housing Association Limited Partnership ("Sponsor") has been offered, subject to receipt of HUD § 221(d)(4) insurance and tax-exempt bonds being issued by the Michigan Housing Development Authority, to rehabilitate, own, and operate a housing development identified as "Kings Land Apartments" on certain real property located on Hemphill Road and the sponsor has offered to pay the city on account of this development an annual service charge in lieu of taxes.

(3) The property is legally described as: part of the North ½ of the southwest 1/4 of Section 20, Township 7 North, Range 7 East, Michigan Meridian, City of Burton, Genesee County, Michigan, described as: commencing at the Southeast corner of the northwest 1/4 of the southwest 1/4 of Section 30, said point being the southwest corner of the recorded plat of Baker Park; thence South 89 degrees 48 minutes 41 seconds West 558.02 feet along the North line of Outlot A of the recorded plat of Burton Gardens; thence North 00 degrees 02 minutes 09 seconds East 209.58 feet; thence North 89 degrees 57 minutes 53 seconds West 63.22 feet; thence North 00 degrees 01 minutes 47 seconds East 1,119.09 feet to the center line of line of Hemphill Road, so called; thence North 89 degrees 54 minutes 15 seconds East 604.02 feet to the center line of Camden Avenue, so called; thence South 00 degrees 42 minutes 45 seconds East 1321.99 feet along the center line of Camden Avenue, so called, to the point of beginning.

(B) The following definitions shall apply:

ACT. The State Housing Development Authority Act, being Public Act 346 of 1966, of the State of Michigan, as amended.

ANNUAL RENTS. The total collections during a calendar year from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

AUTHORITY. The Michigan State Housing Development Authority.

CALENDAR YEAR. The consecutive 12-month period which ends on December 31 of the year immediately preceding the year in which the service charge is to be paid.

HOUSING DEVELOPMENT. A development which contains a significant element of housing for persons of low and moderate income and such elements of other housing commercial, recreational, communal and educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low and moderate income.

HUD. The Department of Housing and. Urban Development of the United States Government.

MARKET RENTS. Defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to § 221(d)(4) of the U.S. Housing Act of 1937, as amended.

MORTGAGE LOAN. A construction and permanent mortgage loan insured by HUD.

PERSONS OF LOW AND MODERATE INCOME. Persons and families eligible to move into a housing development. A minimum of 40% of each of the Development's unit types must be occupied or available for occupancy by households who incomes do not exceed 60% of area median income, adjusted for family size. The income of individuals and area median gross income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under § 8 of the U.S. Housing Act of 1937, including adjustment for family size.

SPONSOR. Persons or entities which have applied to either the Authority for a mortgage loan to finance housing development or to another governmental entity for a federally-aided loan, as defined by the Act. The sponsor is Kings Lane Limited Dividend Housing Association Limited, Partnership, a Michigan Limited Partnership.

UTILITIES. Fuel, water, sanitary sewer service and/or electrical services which are paid by the Housing Development and not the tenants of the Housing Development.

(C) It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of the taxes shall be multiple dwellings for persons of low and moderate income, which are financed or assisted by the Authority or which are federally aided, as defined by the Act. It is further determined that "Kings Lane Apartments" is of this class.

(D) The Housing Development identified as "Kings Lane Apartments" and the property on which it shall be rehabilitated shall be exempt from all property taxes commencing on the December 31 after the closing of the project financing and the commencement of construction. The city, acknowledging that the sponsor and HUD and the Authority, in the case of a sponsor receiving a federally-aided mortgage loan from HUD and tax exempt bonds from the Authority, have established that the economic feasibility of the housing development in reliance upon the enhancement and continuing effect of this ordinance and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in this ordinance, will accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to 5% of the difference between annual rents and utilities for federally aided housing developments. The sponsor shall provide the city with a "Verification of Eligibility for Tax Exemption" form from the Authority to commence the annual service charge.

(E) (1) The service charge in lieu of taxes as determined under the ordinance shall be payable in the same manner as general property taxes are payable to the city, except that the annual payment shall be paid on or before April 1 of each year for the prior year. Sponsor shall provide an audited financial statement and calculation of the service charge along with the annual payment. Sponsor shall also provide on an annual basis a "Verification of Continuing Eligibility of Exemption" form from the Authority.

(2) Notwithstanding the provisions of § 15(a)(5) of the Act, to the contrary, an ordinance adopted by the city with HUD as third party beneficiary under the ordinance to provide tax exemption and accept payments in lieu of taxes as previously described will be effectuated by enactment of the ordinance by the City Council.

(F) This ordinance shall remain in effect and shall not terminate so long as the federally-aided mortgage loan and/or tax-exempt bonds from the Authority for the housing development remains outstanding or unpaid, or for such period as HUD and/or the Authority have any interest in the property through its insurance program and/or tax-exempt bonds issued by the Authority; provided, the construction and/or rehabilitation of the housing development commences within 1 year from the effective date of this ordinance. The sponsor shall cause the Authority to provide an annual certification of same as of December 1 of each year. The lender shall provide the itemized balance of each escrow account.

KINGS LANE PROPOSAL – CITY OF BURTON

The U.S. Department of Housing and Urban Development ("HUD") is foreclosing on Kings Lane Apartments. The City of Burton has the right to exercise a Right of First Refusal to purchase the property and simultaneously transfer it to a preferred Non-Profit Developer for nominal price.

The benefit the City of Burton obtains by exercising their Right of First Refusal is it optimizes the probability of maintaining Kings Lane as a viable, successful, long-term affordable housing property because debt service is minimized to renovation costs only, not acquisition price.

Toledo Business and Professional Women's Retirement Living, Inc. ("Toledo Business") would like to propose a solution through the City of Burton to preserve Kings Lane Apartments and has secured funds of $1.5M to complete the HUD required repairs as well as any repairs to comply with local or State codes.

AT A GLANCE: TOLEDO BUSINESS AND PROFESSIONAL WOMEN'S RETIREMENT LIVING, INC.

Toledo Business has 50+ years' experience in developing, owning & managing HUD properties and participating in HUD programs. Current Board members have over 30 years of experience in owning, managing, and repositioning troubled properties into successful projects.

Our current Board Members have successfully turned around 4 properties acquired during HUD Foreclosures in the last 10 years, completing all HUD, City, and State repairs while preserving the properties as affordable housing to the present day.

WHAT WE OFFER:

As an experienced HUD Non-Profit Developer, Toledo Business intends to bring social services to the property not currently available to tenants such as:

- Day Care
- After School Programs & Tutoring
- Job Placement and Employment Services
- The funds have already been raised for social services programs from Private and Corporate Donors

As a non-profit we have access to grant programs from the federal government for these services and the expertise to navigate the process. Funds used for these social services programs will not rely on funding from the City of Burton.

In the spirit of looking to the future and growing the workforce of Burton, Toledo Business intends to create jobs and business opportunities by promoting:

- Preferred hiring of all on-site staff from the City of Burton or,
- Requiring residency of all new hires.
- Contractors based in Burton will be given preference for maintenance and construction work that is not performed in house.
- Establish services that provide vocational and employment training services, inclusionary workforce programs for individuals with physical and cognitive disabilities.

Our President and VP are Engineers with over 30 years of experience in construction management, multifamily development, finance and management. Other Toledo Business Board Members are well versed with 15 - 20 years of experience in multifamily management, HUD Affordability requirements and compliance, accounting, non-profit advocacy, community outreach and cultivating strategic partnerships, marketing, social media marketing and graphic design.

WHY THE CITY OF BURTON SHOULD CHOOSE TOLEDO BUSINESS AND PROFESSIONAL WOMEN'S RETIREMENT LIVING, INC. AS THEIR PREFERRED PARTNER:

With the City of Burton exercising its right of first refusal and selecting Toledo Business as their preferred developer, it ensures the property and homes of 378 of the most vulnerable families are placed into the caring hands of a Good Steward instead of a BAD ACTOR such as Emmanuel Ku or others such as those who purchased Amy Jo Manor townhouses in Mount Morris, Michigan.

EXHIBITS

- Company Resume
- Articles about failed HUD Properties sold via foreclosure

SHAIKH DEVELOPMENT

Shaikh Development specializes in the ownership, development, and management of residential and commercial real estate. We credit our continued success to the management philosophy of active participation by our managing member and key personnel on every project. Team members are from diverse backgrounds and draw on over eighty years of cumulative real estate experience sharing resources, knowledge, and expertise to successfully execute the operation of the real estate holdings with strict guidelines and continuous oversight and administration.

In addition to our staff being exceptionally skilled in all areas of property renovation, management and marketing, we have particular expertise in identifying distressed and under-performing properties with strong upward potential. With a highly experienced construction staff having expertise in many aspects of building trades, including electrical, plumbing, heating, roofing, structural and cosmetic repair, most renovation work is completed in-house which leads to a substantial savings in cost. As part of our ongoing management plan, we conduct routine analysis of the building's structural, mechanical, and safety systems thus enabling us to identify and correct problems during their infancy.

Our intensive hands-on approach to gain a thorough knowledge of the immediate market of the property and demographics of the area enables us to reposition properties for the highest and best use based upon the target market. This approach has successfully allowed us to operate buildings at peak occupancy, revenue and efficiency while maintaining high quality maintenance services and safety controls. The re-branding or repositioning of properties and improved operational efficiencies provides optimal appeal to tenants, which in turn drives lease rates at or above fair market rents with a corresponding increase in property values.

It is our hands-on philosophy, which has allowed us to build and successfully manage a portfolio that has encompassed of over 2,000 units and over 100,000 square feet of retail, office, and warehouse space during our tenure.

MANAGING MEMBERS

Shahid Shaikh

Shahid has 20 years of experience in real estate investment. As managing member of Shaikh Development, he has facilitated the acquisition and development of multi-million dollar real estate projects. Prior to Shaikh Development, Shahid worked in the private sector as an engineer, gaining knowledge in civil and structural engineering. He has invaluable expertise in design, cost estimating and construction management. In addition to an engineering background, he has over five years of experience in power plant operations and facilities management. Shahid received a Bachelor of Science Degree in Civil (Structural) Engineering and Materials Engineering with a minor in Economics from the University of Connecticut.

SHAIKH DEVELOPMENT

Hamid Shaikh

Hamid has over 30 years of experience owning and managing commercial real estate. He is actively involved in the acquisition and management of all Shaikh Development real estate ventures. Prior to founding Shaikh Development, Hamid co-founded Lotus Enterprises, a company that owned and managed multiple residential and commercial real estate properties throughout Connecticut. He also worked as an electrical design engineer and inspector in the private sector for 25 years. Hamid has a Bachelor of Science Degree in Electrical Engineering from Maharaja University of Baroda in India.

Core personnel of Shaikh Development have backgrounds that draw upon their experience in real estate development, property management, building inspection, accounting, finance, human resources, marketing, social media marketing, graphic design, and insurance.

SHAIKH DEVELOPMENT | REAL ESTATE PORTFOLIO

Sample of the Principals' Current and Past Portfolio includes:

Name	Size/Description	Location
Copper Beech	12-unit office complex	Glastonbury, CT
	Estate liquidation of a 12-unit office building. Purchased at 67% occupancy. Cosmetic improvements and expanded marketing efforts have increased occupancy to 100%	
Golden Groves	23-unit apartment complex	Tipton, OK
	Distressed HUD subsidized property purchased in foreclosure at 17% occupancy. During the first year, replacement of roof and individual HVAC systems, electrical upgrades, and all HUD required housing quality standard (HQS) repairs were completed. Occupancy has increased to 73%.	
Parkview Apartments	24-unit apartment complex	Albion, NE
	Distressed HUD subsidized elderly property purchased in foreclosure at 25% occupancy. During the first six months, all HUD required housing quality standard (HQS) repairs were completed. Within a year all roof, elevator and electrical upgrades were completed. Occupancy has increased to 100%.	
Union Square	64-unit apartment complex	Union, MS
	Distressed HUD family property purchased in foreclosure at 46% occupancy. HQS repairs completed during first year. Major renovations completed thereafter including new roofs, vinyl siding, windows, central air conditioning, cabinets and flooring. Occupancy is currently 94%.	
The Westmoor	170-unit apartment complex	Toledo, OH
	A structured buy out of a struggling HUD-202 elderly housing project at 41% occupancy. Increased leasing efforts and operational efficiencies which turned the negative cash flow to positive within 18 months. Upon expiration of HUD Regulatory Agreement, repositioned property into market-rate housing to address vacancy issues. Performing unit and common space renovations along with adding amenities such as a commercial grade fitness center, business center, media and recreation lounge, outdoor courtyard and nature space has increased occupancy to over 90%. Expanded business model to include furnished corporate housing to address the underserved segment of the market in property's prime business and academic location.	

SHAIKH DEVELOPMENT | REAL ESTATE PORTFOLIO (Continued)

Sherbrooke Apartments	128-unit apartment complex	Hartford, CT
	Acquired through lender non-performing loan pool disposition. Property contained much deferred maintenance at acquisition. Building renovations included apartment and mechanical system upgrades, which facilitated an increase in occupancy from 30% to a stable 96% with a corresponding rise in rents of approximately 40%.	
Bedford Gardens	99-unit apartment complex	Hartford, CT
	Purchased vacant. Complete rehabilitation work completed which included new roofs, windows, plumbing, electrical and heating systems to obtain building CAOs.	
Jackson Apartments	110-unit apartment complex	Jackson, MS
	Affordable Housing property whose rental payments were being abated by HUD. Improvements were made to remove the abatement and occupancy increased from 35% to 80% during the first year.	
Montauk Apartments	Mixed Use Building	New London, CT
	Acquired as a vacant residential and retail complex. Full rehabilitation which included new roofs, windows, sheetrock, plumbing, electrical and heating systems.	
Bristol Townhomes	Multi-family Homes	Bristol, CT
	Multiple townhouse three-family homes. New siding and roofs. Sold fully leased.	
Beresford Apartments	36-unit apartment complex	Hartford, CT
	Purchased vacant. Improvements included new heating system, windows, and structural repairs. Increased occupancy to 75% at the time of sale.	
Laurel & Foxcroft Condominiums	54-unit apartment complex	Hartford, CT
	Property acquired as an apartment complex at 40% occupancy with much deferred maintenance. Renovations increased the occupancy from 40% to 94%. Property eventually sold as condominium conversion.	
Billings Forge	104-unit mixed use complex	Hartford, CT
	Mixed-use residential and retail complex. Mill conversion building.	
Office Building	Commercial Space	Bloomfield, CT
	Approximately 50,000 SF leased to State of Connecticut (CREC)	

Editorial: So Long To An Unwelcome Landlord

Josh Serrano, center, a tenant in the Clay Arsenal Renaissance Apartments, gathered in Hartford with other tenants in July 2017 in an attempt to call attention to Emmanuel Ku, the owner of the Clay Arsenal Renaissance Apartments. (Monica Jorge / Hartford Courant)

Editorial Contact Reporter

The man described by Hartford Mayor Luke Bronin as "a slumlord by profession" has, at last, been cut off from the river of federal housing money that he never should have had access to in the first place.

For years, hundreds of Hartford residents have been trapped in 26 North End apartment buildings owned by Emmanuel Ku, many in disgusting conditions that no one would want to call home: moldering apartments, broken windows, rodents in cribs, walls and ceilings discolored with growth.

The U.S. Department of Housing and Urban Development is ending the contract that gave Mr. Ku $1 million a year in rent subsidies — money that was supposed to help fix the conditions in the apartments.

The documents uncovered by The Courant's Matthew Ormseth paint a picture of greed and disdain for humanity.

Many problems in the apartments were present in 2009 when Mr. Ku purchased the buildings at auction. For a relatively paltry $2.4 million, he got 150 units of affordable housing, supported by a $1 million annual federal subsidy, but it was made clear to Mr. Ku at the time that the buildings needed $4.3 million in repairs.

Those repairs never happened despite Mr. Ku's promises, according to documents that show thousands of violations. All the while, hundreds of people were stuck in terrible apartments because the housing subsidies were tied to the properties, not assigned to the tenants. And federal money flowed into Mr. Ku's accounts.

The money is taxpayer money, meant to provide respectable housing for the poor. Instead, they were left to live in appalling conditions.
Sadly, the whole situation could have been avoided had HUD heeded warnings from its own officials, who knew Mr. Ku's track record.

One housing official said HUD was aware, at the time Mr. Ku took possession of the Hartford properties, that his New York properties had violations "at a rate 10 times greater than prior to his ownership." According to a 2005 affidavit, his 13 buildings in New York had been cited for nearly 3,000 code violations, more than half of which were termed hazardous.
Under no circumstances should HUD have granted Mr. Ku the contract, knowing what it did. And it should have pulled the contract long ago, when it became clear that the apartments were continuing to deteriorate. Federal officials bear responsibility for letting this disaster go on for so many years.

But the city of Hartford carries some blame as well. A tax abatement that had been issued to the previous owner of the buildings had been revoked, but Mr. Ku fought for it, suing the city. Former Mayor Pedro Segarra settled out of court and reinstated the abatement, which wiped away 80 percent of the annual taxes on the properties. In exchange, Mr. Ku agreed to use some of the money to repair the properties.

"I don't think the city should have ever given a tax abatement to somebody with this history of an extractive, exploitative business model," Mr. Bronin said. He was right.

Mr. Ku submitted documentation to the city supporting his claim that he was fixing up the properties. In 2016, nearly a quarter-million dollars went to a Queens, N.Y., contractor, which — according to an invoice — fixed roofs, brickwork and windows at 22 of Mr. Ku's properties.

One problem: That company's license expired in 2015, and the company's president told The Courant that the company had been closed. Where did the money go, if not to the repairs claimed on the invoice?

The city finally rescinded the deal in May.

Mr. Ku appears to have used the poor as leverage for his own enrichment. By leaving his apartment buildings to rot, he was able to tuck away millions. The people who suffered are his tenants.

Now they can apply for new housing with relocation vouchers. Affordable housing is tight in the city, though, and his tenants will still face challenges.
But at least they are free of Mr. Ku.

Death in the Trades Towers: Where the elderly poor come to live -- and die

Updated Dec 27, 2015; Posted Dec 27, 2015

By Amy Yurkanin
ayurkanin@al.com

On the afternoon of Oct. 26, a fire erupted in an unattended cooking pot in a second-floor apartment of the Birmingham Building Trades Towers.

The fire singed the stove and began to slowly spread to walls, generating smoke as it grew.

The smoke did what smoke does - it rose. Haze filled the hallways, triggered alarms and flushed residents out of the brick high rise. Dozens of elderly and disabled renters gathered in the freezing drizzle - many without coats or umbrellas.

But not everyone made it out. At least one resident, John Barden, was rescued from the towers two days after the fire.

And they found another resident dead in his apartment on Oct. 26: Joseph Leonard. Firefighters opened his apartment about two hours after they arrived on the scene, but it was clear that Leonard died long before alarm bells rang.

His 10th-floor apartment hadn't been touched by smoke or fire. Fluid from his decomposing body already soaked much of Leonard's clothing and maggots infested his head and neck, according to an autopsy report.
"The scene, with him lying in the hallway fully dressed, looks like a sudden collapse," said Dr. Gary Simmons, the pathologist in the Leonard case.

Death investigators couldn't pinpoint an exact time of death. Leonard's daughter, Joestine Thurston, said neighbors raised concerns about Leonard three days before the fire.

"They had been knocking on the door all weekend, but no one went in to check on him," Thurston said.

Annie Watson lived in the Birmingham Trades Towers for about a year. She moved to senior apartments in East Lake, but had to leave behind all of her belongings when she left.

Similar stories have played out more than a dozen times since 2012 in the Trades Towers, after elderly and sometimes troubled residents died quietly and unchecked behind closed doors. Those deaths, along with a shooting and a series of fires, have raised questions about property managers and out-of-state landlord Emmanuel Ku.

Although the law doesn't require landlords or property managers who accept housing vouchers to keep tabs on their renters, some observers think owners and employees at the Towers should be doing more.

"Maybe they could have done something for him if they had found him earlier," Thurston said.

Bodies piling up at Trades Towers

Leonard's body was the fourth death investigated by the coroner this year at the Birmingham Building Trades Towers, the fourth person to die alone in the building and languish for hours, or even days.

In most cases, residents died of natural causes, according to the coroner's office.

Chief Deputy Coroner Bill Yates said he thinks the coroner's office has investigated more unattended or suspicious deaths at the Trades Towers than any other apartment complex in Jefferson County. The number of dead bodies found in the towers increased from six bodies total between 2008 and 2011 to 14 between 2012 and 2015.

Since the building houses seniors, all residents are supposed to be older than 61, and many suffer from poor health. The building accepts Section 8 and vouchers for homeless veterans. The Department of Veteran's Affairs provides case management and support to almost 40 residents of the towers.

The Trade Towers sits close to UAB Hospital and the VA Medical Center, and many of its residents required regular care from one or both. Organ transplant patients and amputees who struggled to travel long distances lived in wheelchair accessible units, said former resident Paul Sams.

A woman who answered the phone for Arbour Valley Management, the company that manages the property, declined to comment. She also refused to leave a message for Ku or provide his contact information.

Shmuel Sanders, a resident between 2002 and 2010, said he recalled one body that was found on his floor while he lived there.

"They only found it because of the smell," he said.

Some residents take it upon themselves to check on each other. John Bankhead, a former U.S. Marine and Trades Towers resident since 2009, said last year a woman who lived across the hallway died alone inside her apartment after a long struggle with addiction. After that, he exchanged keys with a friend who lived in the building.

"I told him, if you don't see me for a few days, check on me and my birds," Bankhead said.

Fires, shootings and strangers in the lobby

To hear Sammy Dodson tell it, the Birmingham Building Trades Towers was supposed to be a gift to the Magic City.

The Birmingham Building and Construction Trades Council, a coalition of labor unions, built the 12-story high rise in 1967 with a loan from the U.S. Department of Housing and Urban Development.

"Basically it was a charity," Dodson said. "It was a way to give back to the old people in the community, and to thank the city that basically the labor unions had built."

About 300 elderly residents lived there, and the board of directors for the building, which was chaired by Dodson, kept a waiting list of people who wanted a unit. Dodson worked for the Construction Trades Council, but never lived in the building.

The first floor includes a lobby, recreation room, chapel, library, hair salon and, at one point, even a small grocery store. The upper floors hold 236 units - mostly studios and one bedroom apartments.

Renters paid about $300 a month to live in the towers. The council took out another loan for improvements to the building. The payments for that loan, and rising sewer and insurance rates in the early 2000s forced the board to seek a rent increase from HUD.

When HUD denied the rent increase, the Building and Construction Trades Council defaulted on the loan, and the property went into foreclosure, Dodson said.

In April 2005, Ku and his company, Dakko Property Management, won the foreclosure auction with a $4.2 million bid. Efforts to reach him for this story were unsuccessful.

Just one year earlier, Congress approved Section 219 of the National Housing Act, which tenant advocates jokingly referred to as the "anti-Ku" amendment, according to the Granite Falls Advocate Tribune in Minnesota.

In 2003, Ku purchased a HUD complex in the Bronx over the protests of tenants. Two years later, an attorney for the Department of Housing Preservation and Development in New York City reported in a legal document that Ku had amassed almost 3,000 housing code violations in 13 properties in the city. Section 219 was supposed to prevent landlords with outstanding housing code violations from purchasing properties from HUD.

John Bankhead lived in the Trade Towers for many years, but is now living temporarily in a trailer park while waiting for an apartment to open in a community for veterans.

The only problem is that the law doesn't cross state lines since there is no central database of housing code violations. After Section 219 passed, Ku branched out to other states, including Alabama, according to a 2007 report by the Center for an Urban Future.

When the Birmingham Building Trades Towers changed hands, regulators allowed Ku to begin accepting Section 8 and other vouchers that provide rental assistance, Dodson said. In 2008, HUD began awarding thousands of vouchers to homeless veterans to help get them off the street. The Birmingham Building Trades Towers accepted the vouchers and quickly became a favorite of veterans who wanted to be close to the VA hospital.

Residents at the time of the sale were hopeful that Ku would invest in the property and fix up problems in the units, according to stories from the Birmingham News. He pledged to put almost $2 million into the building.

Soon, problems started to mount. Residents reported decreases in security and an increase in strangers coming in and out of the building.

At one point, Bankhead heard that homeless people from the area around Five Points South learned the code to the building and slept in the lobby at night.

Former resident Annie Watson said residents often brought in animals with fleas, and aggressive dogs. She said bed bugs infested the facility.

Less than a year after the purchase, a fire broke out on the seventh floor. An 80-year-old resident was badly injured when she tried to put out the fire. Ku paid for hotel rooms for displaced residents, according to news reports.

The building sustained limited damage from the fire, but residents began to question management's response to fire alarms, according to news reports.

Former residents told Al.com that fire alarms went off all the time, and they rarely paid attention to them. Watson, who uses a wheelchair and lost her leg to cancer, lived there a little more than a year. False alarms often shut down the elevators, leaving her stranded on the eighth floor where she lived.

"I always asked them, 'What am I supposed to do in case of a fire?'" she said. "I can't believe the city and county let it get to that state. And I don't understand why the federal government gives them money for people to live there."

Another fire in 2011 killed two residents and caused the evacuation of the towers. Bankhead lived in the apartment at the time, and said he and other residents evacuated to a parked bus for about eight hours, then went right back to living in the building.

"I was surprised they let us back in there that quickly," he said.

As recently as April 2014, the fire alarm system shut off unexpectedly for about an hour, prompting an inspection by Birmingham Fire and Rescue. The agency has fielded at least four complaints about safety since 2012.

The building doesn't have a sprinkler system - and city officials cannot require it unless a fire damages 40 to 50 percent of the structure, said Fire Marshal C.W. Gaddis. Because of the age of the building, new regulations requiring sprinklers and emergency lighting don't apply, Gaddis said.

After the most recent fire, the fire department wrote a report urging the owners to install sprinklers and emergency lighting.

But fires aren't the only problem. In December 2012, a dispute between residents led to the shooting death of a 65-year-old man.

Dodson said he has been watching what has happened since the towers changed hands.

"It just makes me really sad," he said. "It was such a good place when we ran it."

The troubled life of Joseph Leonard

Joseph Leonard had a hard life before he came to live at the Trades Towers, and the 72-year-old Vietnam veteran was socially isolated and in poor health when he died, according to family and friends.

Simmons, who performed the autopsy on Leonard, said it's difficult to determine exactly how he died - although a combination of bad lungs and bad heart almost certainly led to his death. Investigators found no evidence of foul play, and described the cause of death as emphysema with focal pneumonia of the left lung.

He might have been feeling bad in the days leading up to his death, as the pneumonia flared, Simmons said. But Leonard was out of bed and fully-clothed - with his belt buckled and his socks on - when he died, which suggests a sudden failure of heart and lungs.

Leonard's health was in decline for years. The coroner's office requested his medical records from the VA - which revealed a long history of lung and heart disease. The longtime smoker developed emphysema and chronic obstructive pulmonary disease. His heart and lungs had begun to fail.

But at least part of his life had improved significantly in the last couple years - Leonard had moved from the streets into an apartment at the Trades Towers. His last stint in a Salvation Army shelter happened in early 2014, said Randy Dinkins, a social worker with the organization.

"Joseph was a loner," Dinkins said. "He believed in giving you your space and demanded you give him his space."

In the early nineties, both men were homeless on the streets of Birmingham. Dinkins began to work for the Salvation Army and put his homelessness behind him, but Leonard never did, and became a fixture on the Birmingham streets.

"As a homeless person, he was self-sufficient," Dinkins said. Leonard would attend homeless outreach events, collect supplies such as sleeping bags and clothes, and go on his way. He generally avoided conflict, and Dinkins described him as quiet and mild-mannered.

The two men knew each other for about 30 years, but Leonard never asked Dinkins for help with anything until the last two or three years of his life.

"He just wanted to take care of himself," Dinkins said.

Leonard listed Dinkins as the emergency contact on his lease at the Trades Towers, even though his brother and a cousin he grew up with both still live in Birmingham.

His daughter, Joestine Thurston, lives in Racine, Wis., with her family. She hadn't seen her father in 10 years when she received a call from the coroner's office in October.

She and her mother moved to Racine when she was 9, and she saw her father sporadically until she was 14, she said. Leonard was a loving father, she said, but he had his demons.

He joined the Army as a young man and served in Vietnam. He received an honorable discharge, but suffered from post-traumatic stress disorder. Thurston said her father would have violent dreams that he acted out in his sleep. During these episodes, he would wrap his hands around his wife's neck. Her mother left and moved Thurston to Racine to escape the violence.

Despite his history of PTSD, Dinkins said Leonard was not a violent man, and only fought with others when provoked.

During his decades of homelessness, Leonard accumulated more than a dozen minor charges, including two DUIs, four harassment cases and a couple cases of public intoxication. The last criminal charge in his record dates back to October 2009, when Leonard pled guilty to drinking in public.

But most of his problems with police stopped when Leonard got his money from Social Security and the VA and began living in the Trades Towers, Dinkins said.

Leonard's cousin, Marie Hutchins, said he never lost touch with his family, and often visited friends who still lived in shelters and on the streets in downtown Birmingham.

"He never really stayed around any one place for very long," Hutchins said.

Dinkins said he was sad, but not surprised, that Leonard died alone.

"He was never with anyone his whole life," Dinkins said. "Everything he did and everywhere he went - he traveled alone."

'Getting no answers'

None of the residents interviewed by Al.com planned to return to the towers when they reopen in 2016, but Jeff Hester, a spokesman for the VA, said many veterans have expressed interest in moving back.

"Many of them are in the hospital quite regularly," he said. "That proximity plays a role in their selection of the Trades Towers."

The building has been closed for renovation since the fire. None of the residents have been able to retrieve their things.

Expensive medical equipment that belonged to Paul Sams' wife still sits in their apartment. Bankhead said he left his false teeth in his second floor apartment, along with about 20 baseball hats and all his worldly possessions. Watson has moved to a new senior complex, but had to start from scratch with donated furniture and cooking supplies.

Thurston's efforts to settle her father's estate have been stymied by her inability to gain access to his apartment. Her uncle has been trying for months to get into his brother's apartment - but no one is allowed in the building.

If she could get in, she might be able to piece together what happened to her father during the last decade of his life, and why he died such a lonely death. But for now, she just has questions about his life, and why no one noticed when he died.

"We've basically been going in circles and getting no answers," Thurston said.

Contract of Sale, Rider Surviving Sale, and Post-Closing Repair Requirements

Kings Lane Apartments
Burton, Michigan

Attachment B: U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - PROPERTY DISPOSITION PROGRAM CONTRACT OF SALE - CASH SALE

THIS CONTRACT, made this ____ day of ________________, 2018, is between the SECRETARY OF HOUSING AND URBAN DEVELOPMENT, ("HUD"), and ____________________________, ("Purchaser").

WITNESSETH THAT

1. **PURCHASE AND SALE** - In consideration of the covenants and agreements of the respective parties, as hereinafter set forth, HUD agrees to sell and Purchaser agrees to purchase all of HUD's right, title and interest in and to the real estate; Kings Lane Apartments, FHA Number:048-35096, situated in the City of Burton, County of Genessee, State of Michigan, and more particularly described in the attached Exhibit A entitled "Legal Description," together with all improvements thereon and appurtenances thereto and the articles of equipment and other personal property owned by HUD and used in connection therewith, hereinafter referred to as the "Property".

2. **PURCHASE PRICE**
   (a) The purchase price of the Property is $_________________ (_____________________________ dollars) to be paid at Closing.
   (b) Upon the execution of this contract of sale, Purchaser shall be required to pay an earnest money deposit in the amount of $ 100,000, in the form of a money order, cashier's or other bank check payable to "The Secretary of Housing and Urban Development." A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization. Interest will not be paid on earnest money deposits.
   (c) The balance of the purchase price, $ _____________ , shall be paid at Closing by money order, certified, cashier's or other bank check acceptable to HUD.
   (d) Unless payment and performance bonds are provided to the HUD in accordance with the Rider entitled "Rehabilitation and Relocation", Purchaser shall provide at Closing a $ 300,000 unconditional, irrevocable and non-documentary letter of credit (LOC) satisfactory to HUD, to assure completion of the rehabilitation required by the Rider entitled "Rehabilitation and Relocation."

3. **CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION**
   (a) The sale shall be effective upon Closing.
   (b) Purchaser shall pay all closing costs and expenses irrespective of local custom.
   (c) Transfer of title to, and possession of the Property, subject to the leases and tenancies herein referred, shall become effective as of the Closing.

4. **PRORATIONS AND SECURITY DEPOSITS**
   (a) Prorations
      (i) Subject to the following provisions, irrespective of local custom and without affecting the Purchase Price, all rents and other income ("Income") and property expenses shall be prorated between Purchaser and HUD as of 11:59 p.m. of the day before the Closing.
      (ii) Income. HUD shall be entitled to all Income, whether received or not received, attributable to the period prior to Closing, including, but not limited to, rents, delinquent rents, liability claims, insurance claims, damages and litigation settlements. If Purchaser, after Closing receives Income due HUD, Purchaser must pay it over to HUD immediately. Purchaser shall be entitled to all Income, whether received or not received, attributable to the period as of the day of Closing.
      (iii) Property Expenses. HUD shall be responsible for payment of project-related expenses, whether paid or unpaid, attributable to the period prior to the day of Closing. Purchaser shall be responsible for expenses, whether paid or unpaid, attributable to the period as of the day of Closing. To the extent invoices for such expenses are received by Purchaser, such invoices shall be forwarded upon receipt directly to HUD. All refunds of expenses, including but not limited to tax refunds and Medicare and Medicaid payments/reimbursements, attributable to the period prior to the day of Closing shall belong to HUD and if any such refunds are received by Purchaser, Purchaser shall deliver them immediately to HUD.
      (iv) HUD shall prepare a Settlement Statement as of the day of Closing listing all prorated items. If HUD and Purchaser cannot agree on the amount of any prorated item(s) because the amount(s) cannot be verified prior to Closing, HUD, at HUD's option, may require Purchaser to place the amount determined by the HUD to be owed by the Purchaser, in a non-interest-bearing escrow to be held by HUD to cover such disputed items. HUD shall apply the escrowed funds to the actual amounts due for the disputed items when HUD verifies such amounts. Subsequent to Closing, when HUD determines the amounts required to cover all prorated items, HUD shall prepare a revised Settlement Statement showing such amounts and shall provide a copy of the Settlement Statement to Purchaser. Upon payment of all such amounts, any funds remaining in the escrow shall be paid by HUD to Purchaser. If there are insufficient funds in escrow to pay all such amounts, HUD shall issue a bill to Purchaser for the amount of additional funds due and Purchaser shall immediately pay such amounts to HUD.
      (v) Insurance coverage carried by HUD, if any, shall be canceled as of 11:59 p.m. the day of the Closing.
      (vi) Subsections (i) through (iv) shall remain in effect after the Closing, where applicable.

(b) Security Deposits - Any security deposits collected from tenants and paid over or credited to HUD prior to the Closing shall be transferred and assigned to Purchaser fifteen (15) days after the closing, with the exception of security deposits which have been forfeited by the tenant in accordance with the terms of the tenant's lease. Notwithstanding State or local law, no other security deposits collected from tenants will be transferred by HUD to Purchaser and HUD has no other liability with respect to security deposits. Purchaser agrees to assume all responsibility and liability under State and local law with respect to the collection, application and return of security deposits.

5. **FORM OF CONVEYANCE, INSPECTION, OBJECTIONS TO TITLE AND RIGHTS OF RESCISSION**

(a) The Property shall be conveyed to the Purchaser by special warranty deed in the form customarily used by HUD in the jurisdiction in which the Property is located. Title to the Property shall be good and marketable subject to existing tenancies, easements, zoning, covenants, restrictions and reservations of record. However, HUD shall not warrant those items deemed acceptable to Purchaser pursuant to subsection (d) below.

(b) Any title evidence or survey desired by Purchaser shall be obtained at the sole expense of the Purchaser.

(c) If any defect in title renders the Property unmarketable, or if litigation is pending challenging the sale and/or the sale is enjoined and HUD does not cure the defect, settle the litigation or cause the injunction to be removed within a reasonable time, or HUD notifies Purchaser in writing that it is unable or unwilling to cure the defect, settle the litigation or remove the injunction,

(i) Purchaser shall have the right to terminate this Contract by delivering to HUD written notice prior to the Closing. If such right is exercised, HUD shall return any earnest money deposit paid under Section 2 and extension fees paid under Section 9; and

(ii) HUD reserves the right to rescind this Contract and to return any earnest money deposit paid under Section 2 and extension fees paid under Section 9 of this Contract.

The return or tender of any earnest money deposit or extension fees shall release HUD from all obligations and liability to Purchaser.

(d) The Property shall not be deemed unmarketable solely by reason of the existence of:

(i) covenants, conditions and restrictions of record;
(ii) private, public and utility easements, roads and highways;
(iii) party wall rights and agreements;
(iv) pending local building code violation proceedings;
(v) existing leases and tenancies; and
(vi) special taxes or assessments.

(e) Purchaser shall have twenty-one (21) days from the date of execution of this Contract by HUD to notify HUD in writing of all defects in title appearing as of the date Purchaser executes this Contract. If Purchaser does notify the HUD in writing of any alleged defects within twenty-one (21) days after execution of this Contract by HUD, only those items in the notification will be addressed by HUD. All other title matters will be deemed acceptable to Purchaser.

(f) Upon confirmation of the balance of the purchase price either by acceptance of a money order, certified cashier's, or other bank check by the HUD, HUD shall deliver to Purchaser a duly executed deed conveying HUD's right, title and interest in the Property which Purchaser immediately will present for recordation in the appropriate recorder's office.

6. **AS-IS SALE; NO REPRESENTATIONS**

(a) Purchaser shall accept the Property "as is." HUD makes no representations or warranties concerning the physical condition of the Property. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property. It is Purchaser's responsibility to assess the actual condition of the Property.

(b) Purchaser acknowledges that the purchase price set forth in Section 2 of this Contract is based on Purchaser's valuation of the Project and not upon any representations by HUD. Purchaser's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD under this Contract, nor be a basis for termination of this Contract or for the return of any extension fees paid pursuant to Section 9.

7. **RISK OF LOSS AND RIGHTS OF RESCISSION** - Until the Closing, HUD assumes the risk of loss from damage to the Property by any cause including, but not limited to fire, flood, earthquake, tornado and vandalism other than willful acts of Purchaser. In the event of such damage, HUD will provide for the restoration of the Property to its condition immediately prior thereto, except that, if HUD determines that such damage is so extensive that HUD is unwilling to so restore the Property, HUD may rescind this Contract and return to Purchaser any earnest money deposit paid to the HUD and any extension fees paid under Section 9. The sending of the notice of rescission and the return of such fees, or the tender thereof, shall release HUD from any and all claims by Purchaser arising under this Contract. If offered by HUD and agreed to by Purchaser, the cash due at Closing may be reduced by the estimated cost of restoration of the Property because of such damage, and such damage shall be added to the rehabilitation requirements provided for in the Rider entitled "Rehabilitation and Relocation."

8. **TIME IS OF THE ESSENCE - LIQUIDATED DAMAGES** - Time is of the essence in the performance of this Contract. The sale shall be closed at HUD's offices, or at such other place as may be agreed on by the parties in writing, within 30 days following execution hereof by HUD, unless this Contract is extended pursuant to Section 9. Should Purchaser fail or refuse to perform its obligations under this Contract including, but not limited to the failure to establish the legal entity that is to take title, any earnest money deposit paid to the HUD and any extension fees paid under Section 9 shall be retained by HUD as liquidated damages. However, HUD shall not retain said amounts as liquidated damages if Purchaser is unable to perform due to unmarketable title.

9. **EXTENSIONS** – Extensions of time to close the sale are within HUD's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
   (a) A written request for an extension must be received by HUD's office located at: Department of Housing and Urban Development, 801 Cherry Street, Ft. Worth, TX 76102, within ten (10) days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Purchaser's inability to close the sale within the initial period or any extended period.
   (b) Extensions shall be for thirty (30) days.
   (c) For each thirty (30) day period requested by Purchaser and approved by HUD, extension fees shall be equal to $ 8.67, per unit, per day, which is $3,277.26 daily (the holding cost for such period) or one and one-half percent (1.5%) of the purchase price, whichever is greater.
   (d) These fees shall be retained by HUD and shall not be credited to the amount due from Purchaser at Closing. However, if Purchaser closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Purchaser at Closing.
   (e) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
   (f) If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
   (g) Extension Fees must be submitted by money order, certified, cashier's or other bank check acceptable to HUD.

10. **PURCHASER RESTRICTIONS**
   (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this Contract, or to any benefit arising from it. However, this provision does not apply to this Contract to the extent that this Contract is made with a corporation for the corporation's general benefit.
   (b) If Purchaser is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to Closing, this Contract shall be terminated. Any earnest money deposit paid under Section 2 or extension fees paid under Section 9 shall be retained by HUD as liquidated damages.
   (c) The defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the mortgage on the property at the time of default resulting in acquisition of the property by HUD shall not be eligible to purchase the property. A "principal" and an "affiliate" are defined as provided at 2 CFR 2424.

11. **CONTRACT BINDING - RESTRICTIONS ON ASSIGNMENT OF CONTRACT**
   (a) This Contract shall be binding upon Purchaser, its respective heirs, executors, administrators, successors and assigns.
   (b) HUD must consent in writing to any assignment of this Contract and any person or entity to which this Contract is assigned must meet HUD's Previous Participation Requirements and HUD's other Purchaser qualification requirements. Purchaser agrees that HUD has twenty (20) days in which to approve or deny any assignment request and acknowledges that, if this approval period extends beyond the original Contract term, or any extension thereof, Purchaser will pay the extension fees required under Section 9 of this Contract to cover the approval period.

12. **OPERATION OF THE PROPERTY UNTIL CLOSING** - From the date of HUD's execution of this Contract until closing, HUD shall continue to operate and maintain the Property so that the Property will, except for normal wear and tear, be in substantially the same condition at Closing as on the date hereof. HUD may discard any worn out or useless items but shall not otherwise remove from the Property any item or article except as may be necessary for repair.

13. **LIMITATION OF LIABILITY** - Notwithstanding any other provisions of this Contract, HUD's liability for damage to the Property or for any breach of this Contract shall not exceed the amount of funds paid by Purchaser to HUD hereunder.

14. **CONTRACT EXECUTED ON BEHALF OF BIDDER** -If this Contract is executed on behalf of a corporation, partnership or other entity not as yet legally formed, such corporation, partnership or entity must be validly organized and legally capable of performing its obligations under this Contract prior to the Closing. If the entity is unable to become legally formed and, therefore, cannot accomplish the Closing, the earnest money deposit and all extension fees will be retained by HUD.

15. **FORMS** - All forms and instruments referred to in this Contract shall be the standard HUD forms and instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by this Contract, Project at a Glance and/or Requests for Proposal.

16. **ACKNOWLEDGMENT OF TERMS AND CONDITIONS OF SALE -** Purchaser affirms that it has full knowledge of the terms, conditions, and requirements contained in this Contract, the Project at a Glance, the Request for Proposals and the bid kit provided by HUD to Purchaser.

17. **COMPLETE AGREEMENT** - This Contract supersedes all prior agreements and understandings related to the subject matter hereof, and may be changed, waived, discharged, or terminated only by a written document signed by the party against whom such change, waiver, discharge or termination is sought, except as otherwise provided herein.

18. **GENDER AND NUMBER** - Whenever the sense of this Contract so requires, the use of (1) the singular shall be deemed to include the plural, (2) the masculine gender shall be deemed to include the feminine or neuter gender, and (3) the neuter gender shall be deemed to include the masculine or feminine gender.

19. **SEVERABILITY** - If for any reason one or more of the provisions contained in this Contract shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Contract, but this Contract shall be construed as if such invalid, illegal or unenforceable provision never had been included in this Contract.

20. **NOTICE** - Any notice, request, information or other document to be given hereunder to any of the parties by any other party, shall be in writing and delivered personally or sent by an overnight or express mail service, with a return receipt, postage prepaid to the person and address set forth below. Any party may change the person or address to which notices are to be sent by giving written notice of such change to the other party in the manner herein provided for giving notice. The person, address and telephone number for the Department of Housing and Urban Development is **Jovanna M. Morales, 801 Cherry Street, Unit #45, Ste. 2500, Fort Worth, Texas 76102, Phone: 817 978-5768**. The person, address and telephone number for the Purchaser is as provided below Purchaser's signature on this Contract.

21. **EXHIBITS -** All exhibits described herein and attached hereto are fully incorporated into this Contract by this reference.

22. **PARAGRAPH HEADINGS** - The paragraph headings contained in this Contract are for convenience only and shall in no way enlarge or limit the scope of the paragraphs hereof.

23. **MISCELLANEOUS PROVISIONS**
    (a) When the consent or approval of either party is required under the terms of this Contract, such consent or approval must be in writing.
    (b) Purchaser agrees that any restrictions to be placed in the Deed referred to in this Contract will run with the land.
    (c) Whenever a number of days is referred to in this Contract, days shall mean calendar days. If any period of time expires on a non-Federal business day, Purchaser or HUD shall have until the close of business of the next Federal business day to take whatever action is to be taken within the time period.

24. **RIDERS TO THIS CONTRACT** - The Riders checked and initialed by the parties are attached to and incorporated into this Contract and will be placed in the Deed to run with the land.
    - Use Restrictions
    - Enforcement
    - Required Rehabilitation
    - Environmental Hazards
    - Nondiscrimination Against Section 8 Certificate and Voucher Holders
    - Two-Year Rent Protection for Pre-Existing Very Low-Income Tenants
    - Relocation

25. **CERTIFICATION OF SUBSTANTIAL COMPLIANCE** – Purchaser must also provide Certification to HUD that any other projects that are owned by Purchaser or its affiliates and are located in the same jurisdiction as the project are in substantial compliance with applicable State and/or local housing statutes, regulations,

ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the Purchaser. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the project to the Purchaser and retain the Earnest Money Deposit (see Attachment A).

IN WITNESS WHEREOF:
The Purchaser has executed this Contract in triplicate the _______ day of ______________________, 20______.

Witness:____ By:____

Typed Name:____ Typed Name:____________________________________

Title: ____

Address:____

City, ST Zip:_____________________________________

Phone No. with Area Code:(____)______-__________

HUD has executed this Contract in triplicate this ________ day of ____.

WITNESS: SECRETARY OF HOUSING AND URBAN DEVELOPMENT

______________________________ By ____

____

RIDER 1 OF 7

USE RESTRICTIONS

The Deed shall contain the following provisions:

Pursuant to 12 U.S.C Section 1715z-11a, the Secretary has the authority to impose use restrictions and the Purchaser agrees to abide by the Use Restrictions as set forth in the Deed,

1. **TERM OF AGREEMENT -** This Agreement shall be in effect,
   ☒ twenty years from the date of this Agreement **or**
2. **CONVEYANCE OF PROJECT**
   During the term of this Agreement, any conveyance of the project, or a change in management of the project, must have prior written approval of HUD. HUD's approval of conveyance and/or the proposed purchaser's management of the property will be based on compliance with APPS requirements in the filing and approval of Previous Participation Certification (form HUD-2530), Certification of Substantial Compliance, and information provided in written statements of how the purchaser, or any subsequent purchaser, in consideration of any and all existing use restrictions, will:
   (a) implement sound financial and physical management program;
   (b) respond to the needs of the tenants and work cooperatively with resident organizations;
   (c) provide adequate organizational staff and resources to manage the project.
3. **UNIT NUMBER OR USE CHANGE -** Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.
4. **REMEDIES FOR NONCOMPLIANCE -** Upon any violation of any provision of this Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, addressed to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary, may be designated by the Purchaser as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.

   The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver of the right to exercise that or any other right or remedy at any time.
5. **SUCCESSORS AND ASSIGNS -** This Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Agreement.
6. **RESTRICTIONS -** No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.
7. **CONTRADICTORY AGREEMENTS -** The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Agreement.
8. **SEPARABILITY -** The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
9. **AMENDMENT -** This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

RIDER 2 OF 7
ENFORCEMENT

The Deed shall contain the following provisions:

The covenants set forth in this Deed shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.

HUD shall be entitled to:
1. Institute legal action to enforce performance and observance of these covenants,
2. Enjoin any acts which are violative of these covenants,
3. Exercise any other legal or equitable right or remedy with respect to these covenants.

In addition, the covenants, if any, set forth in this Deed relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

RIDER 3 OF 7
REQUIRED REHABILITATION

The Deed shall contain the following provision:

1. **REPAIRS**: All property and property improvements must meet or surpass, at a minimum:
    - All state and local codes and ordinances,
    - Physical Condition Standards (pursuant to 24CFR Part 5),
    - General Repair and Property Standards (listed below),
    - Additional Required Repairs (Attachment D),
    - Environmental Hazards Rider, and
    - Project Based Section 8 Assistance provision (if included in the bid kit) (collectively the "Repairs").

    a. General Repair and Property Standards
        i. Exterior:
            (a) Any trip hazards (deviations of ½ in or greater) on all surfaces of the property must be mitigated.
            (b) Repair and/or replace any loose, damaged or deteriorated facade, trim, posts, and cornice.
            (c) All exterior paint must be fully intact, mold and rust free.
            (d) All drainage, water diversion, roofing, and water proofing systems must be performing as originally intended to ensure positive drainage and minimize pooling.
            (e) All windows and exterior doors must be operable, lockable, draft free and water tight.
        ii. Interior/MEPs:
            (a) All mechanical, plumbing, plumbing fixtures, electrical fixtures, electrical devices, appliances and HVAC must be in "Good" operating condition and hazard free.
            (b) All fire protection devices and systems must be working as originally intended.
            (c) All ventilation systems must be working as originally intended.
            (d) All interior painted surfaces and millwork must be fully intact, free of excessive grease and dirt.
            (e) All floor coverings must be fully attached, free of holes, chips, frays and excessive dirt.
            (f) All interior doors, locks, closures and stops must be operating as originally intended.
        iii. Workmanship and Materials:
            (a) All work shall be performed in a workmanlike manner and in accordance with generally accepted practices and procedures.
            (b) Materials installed shall be of such kind and quality to ensure that the dwelling will provide acceptable durability for the duration of the Restricted Period.
            (c) All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of all state codes, local codes, laws, ordinances, regulations, Physical Conditions Standards pursuant to 24 CFR Part 5.
            (d) All long and short lived building components must be performing as originally designed or intended.

    b. Additional Required Repairs (Attachment D) (if attached) describes additional, specific required Repairs. It is probable that not all units were surveyed. However, units not surveyed must also be rehabilitated to the same level as those units that were surveyed.

    c. All Repairs, required by this provision, will not be considered complete until such time as HUD or its designee has inspected the Repairs and HUD has accepted the Repairs.

2. **REPAIR PERIOD:** The Repair Period begins at closing and expires **twenty-four (24) months** from the date of the Deed. The Purchaser covenants that the Repairs will be completed within the Repair Period.

3. **EXTENSION OF THE REPAIR PERIOD:** If the Purchaser cannot complete the Repairs within the Repair Period, Purchaser shall submit a written request for an extension to HUD stating the reason(s) for Purchaser's inability to complete the Repairs. Purchaser's request must be received not less than thirty (30) calendar days prior to the expiration of the Repair Period.
    a. In the event an extension for completion of Repairs is granted, the Purchaser shall extend the expiration of the LOCs, or Payment and Performance Bond(s) accordingly;
    b. Extensions of time to complete Repairs are within HUD's sole and absolute discretion; and
    c. The granting of one or more extensions shall not obligate HUD to grant additional extensions.

4. **REPAIR ESCROW:** To ensure completion of the Repairs by the Purchaser, at Closing the Purchaser shall deliver to HUD an unconditional, irrevocable and non-documentary **Letter of Credit (LOC) in the amount of $300,000 (three hundred thousand US dollars)** which shall be for a two-year term with automatic one-year renewals until all project repairs specified in paragraph 1 have been satisfactorily completed and accepted by HUD (sample acceptable LOC is included in bid kit).

5. **PAYMENT AND PERFORMANCE BONDS:** After Closing and after production of plans, specifications, and securing a contractor, with prior approval by HUD, the Letter of Credit (LOC) may be replaced with a 100% Payment and Performance Bond. The Plans, Specifications, and/or Construction Contract must include all items, quantities and timelines addressed in paragraphs 1 and 2 of this provision.
   i. Purchaser must use HUD Form-92452 for the payment bond and a form for the performance bond that is acceptable to HUD. Evidence of the existence of payment and performance bonds each in the amount of the Post Closing Repair Requirements total (form HUD-9552) must be provided to HUD.
   ii. Provide HUD a copy of the approved Plans and Specifications, Construction Contract which specifically address items, quantities and timelines specified in paragraphs 1 and 2 of this provision, and Deed, as applicable to the sale of the Project.
   iii. Purchaser must ensure the bonds comply with the following requirements:
      (a) The surety entity issuing the bonds must be included on the accredited U.S. Treasury list, Circular 570, published annually in the Federal Register on or about July 1 of each year;
      (b) The payment and performance bonds must not exceed limits listed in the Circular;
      (c) The payment and performance bonds must show HUD as an Obligee;
   iv. This "Required Rehabilitation Rider" and Attachment E must be attached to and referenced in article 9.1.7 of the construction contract (AIA A101).

6. **REPORTING:** HUD will monitor the progress of the Repairs using reports from the Purchaser and inspections performed by HUD or a designee.
   a. <u>Quarterly Reports</u>: Purchaser must submit quarterly reports to HUD describing the status of Repairs. The first report is due 90 days after closing. All reports must include the number and type of units completed, a list of major repairs and percentage completed, a narrative describing the status of the planned rehabilitation (i.e. are Repairs ahead of, on schedule, or behind on the original rehabilitation schedule) and any special circumstances which may or have delayed the Repairs.
   b. <u>Additional Reports</u>: Upon request, Purchaser must submit reports, in addition to the Quarterly Reports, to HUD. The frequency and content of these reports will be provided to the Purchaser by HUD.

   HUD will perform periodic inspections to ascertain the status of the Repairs. If, at any time, HUD determines the Purchaser is failing to make adequate progress toward completion of the required Repairs or that the Repairs completed are not acceptable to HUD, Purchaser may be required to provide a plan with milestones to show that acceptable Repairs can be completed within the Repair Period. Failure to meet milestones without adequate justification is a reason for Noncompliance as explained below.

7. **RENTS:** The Purchaser covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the requirements set forth in paragraph 1, above. Rents for units to be covered by a Housing Assistance Payment Contract may be increased only pursuant to and following execution of such Contract.

8. **RELOCATION:** If temporary or permanent relocation is necessary because of Repairs required under this provision, Purchaser covenants to comply with the Relocation Rider of this Contract of Sale.

9. **NONCOMPLIANCE:** If Purchaser fails to complete the required Repairs within the Repair Period and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to:
   a. Enter and terminate the estate hereby conveyed, or
   b. Cash any Repair Escrow or request performance under any payment and/or performance bond, and seek remedies provided in the Enforcement provision of this Use Agreement, as HUD deems appropriate.

   If HUD cashes the Purchaser's Repair Escrow, HUD will NOT apply the funds to complete the Repairs. HUD will retain the funds as liquidated damages or for any other purposes as HUD deems appropriate. In the event that HUD cashes the Purchaser's Repair Escrow, the Purchaser is still responsible for completion of the Repairs and HUD may initiate sanctions to prevent the Purchaser from doing business with the U.S. Government in the future.

   These rights and remedies may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement.

10. **LENDER OR SECURITY INTEREST:** If the Purchaser fails to repair the Property in accordance with this Deed, HUD will not exercise the remedies as described in paragraph 8 above, if any lender holding a lien or security interest on the Property:
   a. Gives written notice to HUD within the period provided for Repairs, that it intends to complete the Repairs, and

b. Completes such Repairs within thirty (30) calendar days of the notice or within such longer periods as HUD may approve in writing.

However, HUD is under no obligation to notify any lender or security interest of its intent to cash any Repair Escrow.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

RIDER 4 OF 7

ENVIRONMENTAL HAZARDS

The Deed shall contain the following provision:

Purchaser covenants to:

1. Investigate and test the Property for substances, chemicals and waste (collectively "Hazardous Substances") and perform cleanup, remedial, removal or restoration work required by any governmental authority ("Inspect and Remediate Requirements").
2. Certify to HUD (in a form acceptable to HUD)) that the Inspect and Remediate Requirements have been performed in accordance with this provision.
3. Indemnify, defend, and hold HUD harmless from any liability arising from Purchaser's failure to satisfactorily perform the Inspect and Remediate Requirements. Purchaser acknowledges that HUD's acceptance of the work is not a warranty that all Hazardous Substances have been eliminated from the Property and does not relieve Purchaser of its ongoing responsibility to comply with appropriate governmental authorities.

Purchaser shall comply with Inspect and Remediate Requirements checked and any additional Hazardous Substances it becomes aware of concerning:

☒ ASBESTOS: 29 CFR 1926 and any subsequent regulations(s) including, but not limited to, all federal, state and local laws regarding detection, abatement, containment and removal of asbestos containing materials.

☒ LEAD-BASED PAINT: 42 USC 4821–4886 and the regulations thereunder, 24 CFR Part 35. Purchaser shall inspect, test and abate any lead-based paint. Purchaser shall comply with Section 35.88 "Disclosure Requirements for HUDs and Lessors" and Section 35.92 "Certification and Acknowledgment of Disclosure" of 24 CFR, *Lead Based Paint Poisoning Prevention in Certain Residential Structures*.

☒ RADON: All federal, state and local laws, and EPA guidelines regarding detection and abatement of radon.

☐ MOLD: All federal, state and local laws, and EPA guidelines regarding detection and abatement of mold.

☐ TOXIC AND HAZARDOUS SUBSTANCES: 29 CFR 1926 subpart Z (where a list of applicable substances can be found).

Operations and Maintenance Plan:

1. Purchaser shall develop and maintain on the site at all times an Operations and Maintenance Plan (O&M Plan) that complies with EPA guidelines for Operations and Maintenance Programs. The O&M Plan shall:
   a. identify areas where Hazards exist;
   b. establish guidelines for maintenance work and repairs and employee training;
   c. establish tenant notification systems; and
   d. monitoring, job-site controls, work practices, record keeping, and worker protection.
2. Purchaser shall submit a copy of the O&M Plan for HUD review and approval within thirty (30) calendar days after the date of this Use Agreement.

Remedies:

1. If Purchaser fails to comply with this provision, HUD may exercise one or more of the remedies listed below:
   a. Enter and terminate the estate hereby conveyed,
   b. Cash Purchaser's LOC(s),
   c. Request payment and performance under any Payment and Performance Bonds provided to HUD.
2. If HUD cashes the Purchaser's LOC(s) or files a claim with the surety company as a remedy for the Purchaser's default under this provision, HUD may apply the funds to perform the Inspect and Remediate Requirements, retain the funds as liquidated damages, or for such other project purposes as HUD deems appropriate.

3. HUD shall not exercise its available remedies if any lender holding a lien or security interest on the Property:
   a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the Inspect and Remediate Requirements, and
   b. Completes the Inspect and Remediate Requirements within thirty (30) calendar days of the notice or within such extended period that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

RIDER 5 OF 7

NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

The Deed shall contain the following provisions:

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Purchaser, for self, successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or Purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by the HUD.

This covenant shall bind the Purchaser, any/all successors, assigns and Purchasers for value, for a period equal to the use restriction, which is twenty (20) years from the date of this Deed. In the event of a breach or a threatened breach of this covenant, the HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this covenant, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

RIDER 6 OF 7

TWO-YEAR RENT PROTECTION FOR PRE-EXISTING VERY LOW-INCOME TENANTS

The Deed shall include the following provisions:

To ensure compliance with Section 203(g) of the Multifamily Housing Property Disposition Reform Act of 1994 (the "Act"), the Purchaser agrees that, for any very low-income family (as defined in 24 CFR 887) which is a pre-existing tenant of an unassisted project as defined in the Act and which would be required to pay rent in an amount in excess of thirty percent (30%) of the tenant's/family's adjusted income (as defined in Section 3(b) of the United States Housing Act of 1937), for a period of two (2) years beginning upon the date of acquisition of the project by the Purchaser:

1. the rent payable by any very low-income family which, on that date, is paying over thirty percent (30%) of the tenant's/family's adjusted annual income for rent shall not exceed the amount being charged on that date; **and**
2. the rent payable by any very low-income family which is paying thirty percent (30%) or less of the family's/tenant's adjusted annual income for rent, shall not be subject to any rent increase which would require the family to pay more than thirty percent (30%) of the family's/tenant's adjusted annual income.

For all tenants covered by these provisions, the Purchaser must include in the leases the terms and conditions of the two (2) year rent protection including a provision for an initial tenant income certification and not more than one tenant income certification a year, except upon reduction of tenant income or upon tenant request.

By initialing hereunder, the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

RIDER 7 OF 7
RELOCATION

The Use Agreement shall contain the following provision:

1. Grantee covenants that it shall comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(j), and any subsequent legislation affecting relocation of tenants. Additionally, Grantee covenants it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 C.F.R. Part 24, when Project-based Section 8 assistance is provided by HUD (collectively the "Act and Regulations"). Grantee shall comply with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Grantee shall provide a report on a quarterly basis to HUD which demonstrates compliance with the Acts and Regulations throughout the Repair or Redevelopment Period.

2. Grantee covenants that if the Use Agreement requires rehabilitation or hazard remediation such work shall be performed in accordance with all applicable federal, state and local laws, codes, ordinances and regulations, and HUD's Physical Condition Standards ("PCS").

3. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will provide advance written notice of the expected displacement to the tenants. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.

4. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will assist tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:

   a. Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period; and
   b. Expenses of returning to a repaired unit at the Property.

   HUD will not provide Grantee with any funds or subsidy with which to make the payments required by this paragraph.

5. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will provide assistance, as described below, to tenants, as may be appropriate:

   a. Advisory services necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Property; and
   b. Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.

   HUD will not provide Grantee with any funds or subsidy with which to make the payments required by this paragraph.

6. Grantee covenants not to increase the rent for any unit, from the rent the tenant pays on the Closing date, until such unit meets all the rehabilitation and/or hazard remediation requirements of this Use Agreement are completed by Grantee, and inspected and accepted by HUD. In addition, rents for units to be covered by a Housing Assistance Payment (HAP) Contract may be increased only pursuant to and following execution of such HAP Contract.

ATTACHMENT C
LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO.______________________

__________________________, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street
Ft. Worth, TX 76102

Attention: Mr. Jack Stark
6AC – 28th Floor

Dear Sir:

For the account of ____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. $_______________________,
effective immediately and expiring on ___________________________, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

____
(bank's address)

This Credit is governed by the laws of ___________________________.

Sincerely,

(Issuing Bank)

By:____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank)___________________________________
(City, State)

___________________________, 20____

Pay to the order of the U.S. Department of Housing and Urban Development the sum of U.S. $____________________________________. This draft is drawn under your Irrevocable Letter of Credit NO.____________________________.

U.S. Department of Housing and Urban Development

By:____

Attachment D

Post-Closing Repair Requirements

U.S. Department of Housing and Urban Development
Office of Housing - Federal Housing Commissioner

Project Name	Project Number	Location
Kings Lane Apartments	**048-35096**	**Burton, MI**

The Purchaser must repair the property to meet the following requirements within the time frame noted int he Contract of Sale or Terms and Requirements of Foreclosure Sale - Acknowledgement by Bidder:

[**XX**] Applicable State & Local Codes [**XX**] Housing Quality Standards (HQS) as set forth in 24 CFR 5, Subpart G [**XX**] Additional repairs required by HUD

HUD will monitor repairs to assure compliance. Repairs shall be considered completed only after: (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD; and, (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in exhibits to this form. Unless checked as MANDATORY on this form, repairs may begin upon conveyance. For repair items listed in this form as MANDATORY, the purchaser, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this project.

The repairs listed herein represent HUD's estimate of the property's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirements other than HUD's. HUD does **not** warrant that the list is either comprehensive or sufficient. The Purchaser accepts responsibiity for: (1) developing his/her own repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

	Item	Mandatory	Cost		Item	Mandatory	Cost
	Repairs to Residential Structures (including commercial areas)						
1	Concrete		**12,600**	17	Wood Flooring		
2	Masonry		**30,000**	18	Resilient Flooring		**9,336**
3	Metals		**12,000**	19	Painting & Decorating		**75,453**
4	Rough Carpentry		**3,500**	20	Specialties		**100**
5	Finish Carpentry			21	Special Equipment		
6	Waterproofing			22	Cabinets		**18,230**
7	Insulation			23	Appliances		**5,800**
8	Roofing			24	Blinds & Shades		
9	Sheet Metal		**164,575**	25	Carpets		**52,162**
10	Doors		**27,085**	26	Special Construction		**29,780**
11	Windows			27	Elevator		
12	Glass			28	Plumbing & Hot Water		**9,925**
13	Lath & Plaster			29	Heat & Ventilation		**196,800**
14	Drywall		**1,500**	30	Air Conditioning		**6,300**
15	Tile Work			31	Electrical		**9,840**
16	Acoustical				**Residential Structures Subtotal**		**$664,986**
	Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)						
32	Accessory Structure			34	-		
33	-				**Accessory Structures Subtotal**		**$0**
	Site Work						
35	Earth Work			39	Lawns and Planting		**48,926**
36	Site work		**2,000**	40	Unusual Site Conditions		**60,200**
37	Roads and Walks		**260,000**	41	Demolition		**650**
38	Site Improvements				**Site Work Subtotal**		**$371,776**
	Environmental Mitigation						
42	Lead-Based Paint			44	-		
43	-				**Environmental Mitigation Subtotal**		**$0**

Totals

Prepared by:	Date:			
		Estimated Total Hard Cost		**$1,036,762**
		Overhead/General Requirements	9%	$93,309
		Subtotal		$1,130,071
HUD	5/3/2018	Profit	5%	$56,504
		Estimated Total Repair Cost		**$1,186,575**

Computerized form HUD-9552 (5/93)

Contract of Sale (Initials) ______ Grantee ______ HUD

COST ESTIMATE SUMMARY

	KINGS LANE APTS. - BURTON, MICHIGAN CONSTRUCTION ITEMS ISSUE DATE: 05/01/18 FHA CASE NO.: 048-35096	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 1 - NO ENTRY							**$0.00**
	DIVISION 2 - SITEWORK							**$371,776.00**
02050E*	Remove old sandbox between Bldgs. 12 & 14		38	LS	$300.00	1	$300.00	
02051E*	Remove old concrete sidewalk to sandbox no longer in use		38	LS	$5.00	70	$350.00	
02500E*	Repair asphalt base, resurface asphalt, & restripe parking including HC spaces		35	LS	$260,000.00	1	$260,000.00	
02700E*	Clean out storm drain in front of Bldg. 2		34	LS	$2,000.00	1	$2,000.00	
02800E*	Provide new 6' chainlink fencing along Camden Avenue to better secure buildings		36	LF	$22.00	1133	$24,926.00	
02801E*	Provide new gate in new proposed fencing at vehicular entrance on Camden Ave.		36	EA	$2,500.00	1	$2,500.00	
02802E*	Close off opening in chainlink fencing at end of Bldg. 15		36	LS	$500.00	1	$500.00	
02803E*	Replace dumpster enclosure fencing with more substantial fencing		36	EA	$3,500.00	6	$21,000.00	
02901E*	General allowance for sodding bare areas not immediately in front of apartments		37	LS	$3,500.00	1	$3,500.00	
02902E*	General allowance to provide sod/groundcover at apartment entry walks		37	EA	$300.00	189	$56,700.00	
	DIVISION 3 - CONCRETE							**$12,600.00**
03300E*	Connect sidewalks at corner between Bldgs. 11 & 12		1	SF	$8.00	75	$600.00	
03700E*	Pressure clean second floor concrete walkway slabs		1	BLDG	$750.00	16	$12,000.00	
	DIVISION 4 - MASONRY							**$30,000.00**
04400E*	Repair/repoint/infill damaged or missing brick masonry		2	SF	$15.00	400	$6,000.00	
04500E*	Allowance for general exterior masonry brick cleaning		2	BLDG	$1,500.00	16	$24,000.00	
	DIVISION 5 - METALS							**$12,000.00**
05500E	Allow. for repairs & finish upgrades at exterior aluminum handrails & guardrails		3	BLDG	$750.00	16	$12,000.00	
	DIVISION 6 - WOODS AND PLASTICS							**$3,500.00**
06100E*	Replace joist hangers for second-floor walkway support beams at Bldgs. 11-16		4	EA	$25.00	100	$2,500.00	
06101E*	Repair exterior column damaged by car at Bldg. 12		4	EA	$1,000.00	1	$1,000.00	
	DIVISION 7 - THERMAL & MOISTURE PROTECTION							**$164,575.00**
07400E*	General allowance to repair vinyl siding		9	BLDG	$1,200.00	16	$19,200.00	
07401E*	General allowance to clean vinyl siding		9	BLDG	$1,500.00	16	$24,000.00	
07600E*	Repair/replace downspouts		9	LF	$10.00	60	$600.00	
07601E*	General allowance to repair downspout boots	**YES**	9	BLDG	$400.00	16	$6,400.00	
07602E*	Extend downspout boots to parking at building fronts and ends		9	EA	$375.00	141	$52,875.00	
07603E*	General allowance to clean, align, repair, and reattach gutters		9	BLDG	$1,500.00	16	$24,000.00	
07604E*	Replace missing sections of gutters		9	LF	$15.00	100	$1,500.00	
07605E*	General allowance to clean fascias, soffits, & aluminum cladding trim		9	BLDG	$1,500.00	16	$24,000.00	
07606E*	General allowance to repair aluminum cladding on columns and beams		9	BLDG	$750.00	16	$12,000.00	
	DIVISION 8 - DOORS AND WINDOWS							**$27,085.00**
08100A*	Weatherstrip apartment entry door		10	EA	$30.00	16	$480.00	
08260A*	Replace interior swinging door		10	EA	$100.00	15	$1,500.00	
08261A*	Replace interior swinging door frame		10	EA	$100.00	8	$800.00	
08262A*	Replace bifold closet doors		10	EA	$170.00	126	$21,420.00	
08300A*	Replace screen door at sliding glass door		10	EA	$100.00	8	$800.00	

08710A*	Provide lever handled hardware at entry door at accessible apartments		10	EA	$120.00	9	$1,080.00	
08711A*	Provide lever handled hardware at interior doors at accessible apartments		10	EA	$35.00	18	$630.00	
08712A*	Replace interior swinging door hardware		10	EA	$25.00	15	$375.00	
	DIVISION 9 - FINISHES							**$138,451.75**
09250A*	Repair drywall walls in apartments		14	SF	$15.00	100	$1,500.00	
09500A*	Replace carpet in apartments		25	SY	$22.00	2371	$52,162.00	
09650A*	Replace resilient flooring in apartments		18	SF	$1.75	5335	$9,336.25	
09900A*	Paint apartment		19	APT	$1,200.00	25	$30,000.00	
09901E*	Paint exterior common stair treads and associated stringers		19	EA	$15.00	384	$5,760.00	
09902E*	Paint exterior common wood stair landings at Bldgs. 11-16		19	SF	$2.00	768	$1,536.00	
09903E*	Paint underside of second floor balconies at Bldgs. 11-16		19	SF	$1.00	7500	$7,500.00	
09904E*	Paint exterior metal doors and wood frames		19	EA	$50.00	406	$20,300.00	
09905E*	Paint outside of previously painted second floor wood walkway beam		19	SF	$1.50	5705	$8,557.50	
09906E*	Prepare and paint concrete filled metal bollards at trash dumpsters		19	EA	$50.00	36	$1,800.00	

COST ESTIMATE SUMMARY

	KINGS LANE APTS. - BURTON, MICHIGAN CONSTRUCTION ITEMS ISSUE DATE: 05/01/18 FHA CASE NO.: 048-35096	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 10 - SPECIALTIES							**$100.00**
10400E*	Replace missing handicap accessible parking signage		20	EA	$50.00	2	$100.00	
	DIVISION 11 - EQUIPMENT							**$5,800.00**
11450A*	Replace garbage disposal		23	EA	$200.00	15	$3,000.00	
11451A*	Replace microwave/rangehood		23	EA	$350.00	8	$2,800.00	
	DIVISION 12 - FURNISHINGS							**$18,230.00**
12300A*	Replace base cabinet drawers		22	EA	$100.00	15	$1,500.00	
12301A*	Replace base cabinet doors		22	EA	$100.00	15	$1,500.00	
12302A*	Replace countertops		22	LF	$35.00	148	$5,180.00	
12303A*	Repair wall cabinets		22	LS	$250.00	1	$250.00	
12304A*	Replace bathroom vanity door		22	EA	$100.00	8	$800.00	
12305A*	Provide additional open-knee work surface at HC apt. kitchens		22	EA	$500.00	18	$9,000.00	
	DIVISION 13 - SPECIAL CONSTRUCTION							**$29,780.00**
13000I*	Clean and repair surfaces at central mailbox enclosure	**YES**	26	LS	$1,200.00	1	$1,200.00	
13001I*	General allowance to clean, repair, & paint as needed in common laundry rooms		26	EA	$200.00	16	$3,200.00	
13002I*	Provide accessible washer in laundry room at buildings with HC apts.		26	EA	$1,500.00	9	$13,500.00	
13003I*	Provide accessible dryer in laundry room at buildings with HC apts.		26	EA	$1,200.00	9	$10,800.00	
13004I*	Provide lever handle faucets at sinks in laundry rooms at buildings with HC apts.		26	EA	$120.00	9	$1,080.00	
	DIVISION 14 - CONVEYING SYSTEMS - NO ENTRY							**$0.00**
	DIVISION 15 - MECHANICAL							**$213,025.00**
11450A*	Replace bath exhaust fan		29	EA	$100.00	15	$1,500.00	
15400A*	Replace toilet		28	EA	$350.00	8	$2,800.00	
15401A*	Replace kitchen sink		28	EA	$450.00	15	$6,750.00	
15402A*	Insulate piping below kitchen sink at open-knee space at accessible apartments		28	EA	$75.00	5	$375.00	
15550I*	Replace boilers		29	EA	$6,000.00	32	$192,000.00	
15750A*	Replace through-wall air-conditioner		30	EA	$600.00	8	$4,800.00	
15751A*	Replace through-wall air-conditioner cover		30	EA	$100.00	15	$1,500.00	
15752A*	Replace baseboard heater covers		29	LF	$8.00	300	$2,400.00	
15880E*	Replace exterior exhaust vent covers		29	EA	$150.00	6	$900.00	
	DIVISION 16 - ELECTRICAL							**$9,840.00**

16500A*	Replace interior light fixture		31	EA	$50.00	30	$1,500.00	
16700A*	Replace door bell chime		31	EA	$30.00	8	$240.00	
16900A*	Provide remote rangehood switch at HC apartments		31	EA	$200.00	18	$3,600.00	
16900A*	Provide through-wall A/C unit controls within allowable reach ranges at HC apts.		31	EA	$250.00	18	$4,500.00	

Estimated Total Hard Cost	**$1,036,762**
Overhead/General Requirements (9%)	**$93,309**
Subtotal	**$1,130,071**
Profit (5%)	**$56,504**
Estimated TOTAL Repair Cost	**$1,186,575**

Prior Successful Renovation and Stabilization of Property Purchased through HUD Foreclosure

Union Square Apartments
Union, Mississippi

Post-Closing Repair Requirements

NOTE: All work required to make 5% of the units accessible must be in accordance with the Uniform Federal Accessibility Standards!

Department of Housing and Urban Development

Post Closing Repair Requirements Office of Housing, Multifamily Sales Program

Project Name	Project Number	Location
Union Square Apartments	065-35262	Union, MS

The purchaser must repair the property to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale - Acknowledgement by Bidder.

X Applicable State and Local Codes

X Additional Repairs required by HUD

X Housing Quality Standards (HQS) as set forth in 24 CFR 886, Subpart G

HUD will monitor repairs to assure compliance. Repairs shall be considered completed only after (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD; and (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in this form's exhibit. Unchecked as MANDATORY on this form, repairs may begin upon conveyance. For repair items listed on this form as MANDATORY, the purchaser, prior to beginning work, must submit specifications for approval to HUD office with jurisdiction over this project.

The repairs listed herein represent HUD's estimate of the property's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirements other than HUD's. HUD does NOT warrant that the list is either comprehensive or sufficient. The purchaser accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such.

Repairs to Residential Structures (including commercial areas)					
Item Mandatory		Est. Cost	Item Mandatory		Est. Cost
1. Concrete	☒	$21,475	17. Wood Flooring	☐	$0.00
2. Masonry	☐	$0.00	18. Resilient Flooring	☒	$15,440
3. Metals	☐	$0.00	19. Painting and Decorating	☒	$42,000
4. Rough Carpentry	☒	$21,510	20. Specialties	☒	$3,500
5. Finish Carpentry	☒	$10,520	21. Special Equipment	☐	$0.00
6. Waterproofing	☐	$0.00	22. Cabinets	☒	$140,520
7. Insulation	☒	$18,367.20	23. Appliances	☒	$21,600
8. Roofing	☒	$14,925	24. Blinds and Shades	☐	$0.00
9. Sheet Metal	☒	$97,504	25. Carpets	☐	$0.00
10. Doors	☒	$51,240	26. Special Construction	☒	$130,050
11. Windows	☒	$59,250	27. Elevator	☐	$0.00
12. Glass	☐	$0.00	28. Plumbing and Hot Water	☒	$86,600
13. Lath & Plaster	☐	$0.00	29. Heat and Ventilation	☒	$63,200
14. Drywall	☒	$9,872	30. Air Conditioning	☒	$244,200
15. Tile Work	☒	$180	31. Electrical	☒	$71,200
16. Acoustical	☐	$0.00	Residential Structures Subtotal		$1,123,153.20
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc….)					
32. Accessory Structures	$0.	00	Accessory Structures Subtotal		$0.00
Site Work					
33. Earth Work	☒	$15,900	36. Site Improvements	☒	$69,800
34. Site Work	☒	$2,165	37. Lawns and Planting	☒	$33,750
35. Roads and Walks	☒	$46,515	38. Unusual Site Conditions	☐	$0.00
	☐		Site Work Subtotal		$168,130
Environmental Mitigation			Totals		
39. Lead-based Paint	☐	$0.00	Estimated Total Hard Cost		$1,366,480.08
40. Asbestos	☒	$37,970	Inflation - enter amount		$32,026.88
41 Mold/Extermination	☒	$5,200	Contingency = Hard Cost + 10%		$136,648.01
Environmental Mitigation Subtotal		$43,170	Ovhd/Gen Req = Hard Cost +15% or 18%		$204,972.01

Estimated Total Repair Cost	$1,708,100

Previous edition is obsolete

Computerized form HUD-9552 Web-based

COST ESTIMATE SUMMARY

	UNION SQUARE APARTMENTS - UNION, MISSISSIPPI CONSTRUCTION ITEMS ISSUE DATE: 06/05/09 FHA CASE NO.: 065-35262	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 1 - NO ENTRY							**$0.00**
	DIVISION 2 - SITEWORK							**$164,785.00**
02065A*	Asbestos abatement of floor tile and mastic	**YES**	40	SF	$3.50	7720	$27,020.00	
02066A*	Asbestos abatement of kitchen sink undercoating	**YES**	40	EA	$250.00	40	$10,000.00	
02067I*	Develop O&M plan for asbestos left in place	**YES**	40	LS	$950.00	1	$950.00	
02068A*	Remediation of mold	**YES**	41	EA	$650.00	8	$5,200.00	
02200E*	Provide drainage swale		33	EA	$750.00	18	$13,500.00	
02201E*	Replace, provide, or reinstall trench drain cover		33	EA	$400.00	5	$2,000.00	
02202E	Fill area and sod		33	LS	$400.00	1	$400.00	
02203E	Remove old wood border		36	LS	$150.00	1	$150.00	
02204E	Remove short concrete bollards		36	LS	$150.00	1	$150.00	
02205E	Remove old basketball court and goals - sod area		36	LS	$10,000.00	1	$10,000.00	
02730E*	Provide new water cut-offs in site water system		34	EA	$200.00	10	$2,000.00	
02731E	Provide new cover on open valve boxes	**YES**	34	EA	$40.00	1	$40.00	
02732E	Repair clean-outs on sanitary sewer system		34	LS	$125.00	1	$125.00	
02800E*	Replace play equipment		36	LS	$20,000.00	1	$20,000.00	
02801E*	General repairs to perimeter chainlink fence	**YES**	36	LF	$20.00	1775	$35,500.00	
02802E	Rebuild railroad tie retaining wall at Bldg. 'I'	**YES**	36	LS	$3,000.00	1	$3,000.00	
02803E*	Provide fence around master gas meter	**YES**	36	LS	$1,000.00	1	$1,000.00	
02900E	Remove tree against building		37	EA	$250.00	1	$250.00	
02901E*	Install bordered landscape beds and shrubs at building perimeters		37	BLDG	$3,000.00	10	$30,000.00	
02902E*	General allowance for filling and sodding eroded and bare areas		37	LS	$3,500.00	1	$3,500.00	
	DIVISION 3 - CONCRETE							**$67,990.00**
03301E*	Remove old trench drain cover - fill with concrete		1	EA	$100.00	12	$1,200.00	
03302E*	Repair sidewalk joints		35	EA	$100.00	4	$400.00	
03303E*	Replace damaged concrete sidewalk	**YES**	35	SF	$8.00	955	$7,640.00	
03304E*	Remove non-compliant handicap curb ramps	**YES**	1	EA	$400.00	4	$1,600.00	
03305E	Remove concrete walk		35	SF	$2.00	150	$300.00	
03306E*	General repairs to concrete paving and restriping		35	LS	$35,000.00	1	$35,000.00	
03307E	Remove old concrete pad and metal post bottoms	**YES**	1	EA	$400.00	4	$1,600.00	
03308E	Provide new concrete dumpster pad		1	EA	$1,000.00	2	$2,000.00	
03309E	Replace damaged concrete curb	**YES**	1	LF	$25.00	25	$625.00	
03310E*	Provide new concrete walk		35	SF	$5.00	635	$3,175.00	
03311A*	Allowance for repair of lightweight concrete decking		1	APT	$150.00	24	$3,600.00	
03312E*	Provide level landing w/ sloped access at HC apts. and Office entry doors		1	EA	$650.00	1	$650.00	
03313E*	Provide new handicap curb ramps at parking		1	EA	$1,000.00	4	$4,000.00	
03314E*	Provide new ramp and rails to Office from parking		1	LS	$5,000.00	1	$5,000.00	
03315E	Provide splashblocks at new downspouts		1	EA	$30.00	40	$1,200.00	
	DIVISION 4 - MASONRY - NO ENTRY							**$0.00**
	DIVISION 5 - METALS - NO ENTRY							**$0.00**
	DIVISION 6 - WOODS AND PLASTICS							**$32,030.00**
06102E*	Allowance for roof deck replacement		4	SF	$3.00	1150	$3,450.00	
06103I*	Provide new draftstops in attic	**YES**	4	LF	$20.00	860	$17,200.00	
06104E*	Allowance for wood subfascia repair prior to install. of prefinished fascias		4	LF	$2.00	430	$860.00	
06200E*	Repair wood entry stairs and rails	**YES**	5	SET	$850.00	12	$10,200.00	
06201A	Replace closet shelves		5	EA	$40.00	8	$320.00	
	DIVISION 7 - THERMAL & MOISTURE PROTECTION							**$130,796.20**
07200I*	Supplement existing attic insulation		7	SF	$0.60	30612	$18,367.20	
07310E*	Replace shingle roofs		8	SQ	$95.00	115	$10,925.00	
07311E*	Repairs to recently replaced shingle roofs		8	BLDG	$500.00	8	$4,000.00	
07460E*	Provide vinyl siding		9	SF	$6.00	9836	$59,016.00	
07610E*	Provide new gutters		9	LF	$4.00	1418	$5,672.00	
07611E*	Provide new downspouts		9	LF	$4.00	1352	$5,408.00	
07612E*	Provide prefinished fascias		9	LF	$3.00	2868	$8,604.00	
07613E*	Provide prefinished soffits		9	SF	$3.00	6268	$18,804.00	

Attachment: Kings Lane Union Square_Sale Docs (1) (4233 : Kings Lane Apartments)

COST ESTIMATE SUMMARY

	UNION SQUARE APARTMENTS - UNION, MISSISSIPPI CONSTRUCTION ITEMS ISSUE DATE: 06/05/09 FHA CASE NO.: 065-35262	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 8 - DOORS AND WINDOWS							**$110,490.00**
08110A	Replace apartment entry doors	**YES**	10	EA	$250.00	40	$10,000.00	
08111A	Repair apartment entry door frame	**YES**	10	EA	$150.00	8	$1,200.00	
08200A	Replace interior swinging door		10	EA	$100.00	104	$10,400.00	
08201A	Replace interior swinging door frame		10	EA	$100.00	16	$1,600.00	
08202A	Replace sliding closet doors		10	EA	$75.00	112	$8,400.00	
08300A*	Provide new attic access panels		10	EA	$200.00	28	$5,600.00	
08500A*	Replace windows and screens	**YES**	11	EA	$250.00	232	$58,000.00	
08501I*	Replace windows and screens at Office		11	EA	$250.00	5	$1,250.00	
08710A	Replace apartment entry door hardware	**YES**	10	EA	$100.00	40	$4,000.00	
08711A	Replace interior swinging door hardware		10	EA	$35.00	124	$4,340.00	
08712A*	Provide spring hinges on apartment entry doors to common corridors	**YES**	10	EA	$75.00	16	$1,200.00	
08713I*	Provide panic devices on common corridor exit doors	**YES**	10	EA	$750.00	6	$4,500.00	
	DIVISION 9 - FINISHES							**$67,492.00**
09250A	Repair/replace gypsum board walls and ceilings in apartments		14	SF	$8.00	684	$5,472.00	
09251A	Repair drywall tape cracks at wall/ceiling intersection		14	EA	$50.00	80	$4,000.00	
09252A	Repair stipple ceiling finish		14	SF	$0.50	800	$400.00	
09300A*	Repair ceramic tile walls/floors		15	SF	$15.00	12	$180.00	
09650A*	Replace VCT flooring in apartments	**YES**	18	SF	$2.00	7720	$15,440.00	
09900A	Paint apartment interiors		19	APT	$1,000.00	32	$32,000.00	
09901E	General exterior painting of doors, frames, stairs, etc.		19	BLDG	$1,000.00	10	$10,000.00	
	DIVISION 10 - SPECIALTIES							**$3,500.00**
10430E*	Provide handicap accessible parking space and signage		20	EA	$200.00	5	$1,000.00	
10431E*	Provide new building identification signage	**YES**	20	BLDG	$100.00	10	$1,000.00	
10800A	Replace medicine cabinets		20	EA	$125.00	12	$1,500.00	
	DIVISION 11 - EQUIPMENT							**$21,600.00**
11450A*	Replace stove		23	EA	$500.00	12	$6,000.00	
11451A*	Replace refrigerator		23	EA	$600.00	16	$9,600.00	
11452A*	Replace rangehoods		23	EA	$125.00	48	$6,000.00	
	DIVISION 12 - FURNISHINGS							**$140,520.00**
12300A*	Replace kitchen base cabinets		22	LF	$125.00	528	$66,000.00	
12301A*	Replace kitchen wall cabinets		22	LF	$75.00	712	$53,400.00	
12302A*	Replace countertops		22	LF	$40.00	528	$21,120.00	
	DIVISION 13 - SPECIAL CONSTRUCTION							**$130,050.00**
13001A*	Modify apartments for handicap accessibility to comply with UFAS		26	APT	$30,000.00	4	$120,000.00	
13002I*	Modify Office for handicap accessibility to comply with UFAS		26	LS	$4,000.00	1	$4,000.00	
13003A*	Modify apartments for the hearing and vision impaired to comply with UFAS		26	APT	$2,000.00	2	$4,000.00	
13004I*	Modify common laundry for handicap accessibility to comply with UFAS		26	LS	$1,250.00	1	$1,250.00	
13005E*	Modify concrete and approach to common mail boxes to comply with UFAS		26	LS	$800.00	1	$800.00	
	DIVISION 14 - CONVEYING SYSTEMS - NO ENTRY							**$0.00**
	DIVISION 15 - MECHANICAL							**$394,000.00**
15001A*	Interior water line repair allowance		28	EA	$750.00	8	$6,000.00	
15401A*	Replace toilet		28	EA	$250.00	12	$3,000.00	
15402A*	Replace lavatory, vanity, and fittings		28	EA	$600.00	24	$14,400.00	
15403A*	Resecure lavatory		28	EA	$50.00	4	$200.00	
15404A*	Replace fiberglass tub/shower unit		28	EA	$1,000.00	28	$28,000.00	
15405A*	Replace tub fittings		28	EA	$250.00	28	$7,000.00	
15406A*	Replace kitchen sink and fittings		28	EA	$350.00	40	$14,000.00	
15407A*	Replace water heater		28	EA	$500.00	28	$14,000.00	
15750A*	Replace furnaces		29	EA	$800.00	24	$19,200.00	
15751A*	Inspect, adjust, and repair furnace flues	**YES**	29	APT	$150.00	64	$9,600.00	
15781A*	Provide air-conditioning at all apartments in two-story buildings		30	APT	$4,500.00	48	$216,000.00	
15782A*	Clean/replace HVAC registers and grilles	**YES**	29	APT	$100.00	64	$6,400.00	
15783A*	Clean all ductwork	**YES**	29	APT	$250.00	64	$16,000.00	
15784A*	Insulate ductwork in furred ceilings on first floor units of two-story buildings		29	APT	$600.00	20	$12,000.00	
15785A*	Replace complete HVAC system including condensing unit		30	EA	$2,350.00	12	$28,200.00	

COST ESTIMATE SUMMARY

	UNION SQUARE APARTMENTS - UNION, MISSISSIPPI CONSTRUCTION ITEMS ISSUE DATE: 06/05/09 FHA CASE NO.: 065-35262	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 16 - ELECTRICAL							**$71,200.00**
16100A*	Upgrade electrical service for air-conditioning		31	APT	$750.00	48	$36,000.00	
16131A*	Provide GFI receptacles in kitchens on dedicated circuits	**YES**	31	APT	$350.00	52	$18,200.00	
16510A*	Replace damaged apartment light fixtures	**YES**	31	EA	$75.00	88	$6,600.00	
16511A*	Replace light fixtures at kitchen sinks	**YES**	31	EA	$75.00	64	$4,800.00	
16721A*	Replace damaged, missing, or improperly installed smoke detectors	**YES**	31	EA	$50.00	16	$800.00	
16723A*	Provide carbon monoxide detectors	**YES**	31	EA	$75.00	64	$4,800.00	

SUBTOTAL	**$1,334,453.20**
Inflation 2.4%	**$32,026.88**
SUBTOTAL	**$1,366,480.08**
O.H. & Profit, A&E (15%)	**$204,972.01**
Contingency (10%)	**$136,648.01**
GRAND TOTAL	**$1,708,100.10**

NOTES FOR QUICK INTERPRETATION OF THIS WORKSHEET: E=Exterior A=Per Apartment I= Common areas (These are suffixes to construction item numbers)
When suffix E is used, the associated quantity refers to exterior items not directly associated with an individual unit.
When suffix A is used, the associated quantity refers to items associated with individual apartments.
When suffix I is used, the associated quantity refers to items associated with the common areas of the building that cannot be associated with an individual apt.
* after the suffix indicates a corresponding remark in COST ESTIMATE REMARKS following the COST ESTIMATE SUMMARY

ABBREVIATIONS: CY = CUBIC YARD SY = SQUARE YARD SF = SQUARE FOOT L F= LINEAR FOOT LS = LUMP SUM EA = EACH HC = HANDICAP UNIT
BLDG = BUILDING SEC = BUILDING SECTION APT = APARTMENT FLR =FLOOR

Exterior Property Photos - Before

Required repairs to residential structures:

- repaired damaged roof decking
- installed new shingles
- installed new gutters and downspouts
- removed rotted wood siding
- replaced building exteriors with new vinyl siding
- replace single pane windows with new energy-efficient double-pane windows
- replaced exterior stairs
- site and drainage improvements to prevent erosion

Photo: Union Square Apartments Exterior (curbside) – Before Rehab

Photo: Union Square Apartments Exterior Front – Before Rehab

Photo: Union Square Apartments Exterior Backside – Before Reh

Photo: Backside of One Bedroom Senior Building

Photo: One Bedroom Senior Building (Side)

Exterior Property Photos – After

Photo: New Vinyl Siding and Energy-Efficient Double-Pane Windows

Photo: Close up - New Exterior Stairs, Vinyl Siding, and Energy-Efficient Double-Pane Windows

Photo: One Bedroom Senior Building (Frontside) - New Vinyl Siding and Energy-Efficient Double-Pane Windows

Photo: One Bedroom Senior Building (Backside) - New Vinyl Siding and Energy-Efficient Double-Pane Windows

Photo: One Bedroom Senior Building (Side) – New Vinyl Siding

Photo: New Central Air Conditioning Units

Exterior Property Photos – After

Photo: *New Interior Closet Doors to replace old Bi-fold Doors that were falling off the track.*

Photo: *New Hot Water Heaters and Furnaces*

Photo: *New Solid Wood Kitchen Cabinets, New Countertops, New Faucets and New Sinks*

Photo: *New Solid Wood Kitchen Cabinets, New Countertops, New Faucets and New Sinks*

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Foreclosure Sale Use Agreement ("Use Agreement") is entered into by ________________________________ ("Purchaser") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. ("Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to Union Square Apartments, FHA Project No. 065-35262, ("Project") a legal description of which is attached as Exhibit "A"; and

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1701z-11a, Disposition of HUD-Owned Properties, and the Department of Housing and Urban Development regulations thereunder at 24 C.F.R. Part 290, the Secretary has authority to impose certain use restrictions, as set forth in this Use Agreement, on the Project which has been subject to a mortgage held by the Secretary and has been sold at foreclosure to a purchaser other than HUD; and

WHEREAS, by Deed executed this _____ day of ____________, 20___, by __________________________, the Project has been conveyed to the Purchaser; and

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Purchaser, the parties agree as follows:

1. **TERM OF AGREEMENT:** This Use Agreement shall be in effect,
   ☒ twenty years from the date of this Agreement or ☐ until .
2. **CONVEYANCE OF PROJECT:**
   This paragraph ☒ **is** ☐ **is not** applicable to this Project.
   During the term of this Use Agreement, any conveyance of the Project, or change in management of the Project, must have prior written approval of HUD. HUD's approval of conveyance and/or the proposed Purchaser's management of the Project will be based on information provided in written statements of how the Purchaser, or any subsequent Purchaser, in consideration of any and all existing use restrictions, will:
   (a) implement sound financial and physical management program;
   (b) respond to the needs of the residents and work cooperatively with resident organizations;
   (c) provide adequate organizational staff and resources to manage the Project; and
   (d) provide evidence of a minimum of five years substantive experience owning and managing subsidized multifamily properties with project-based Section 8 assistance.
3. **SUBJECT TO EXAMINATION:** The Project shall at all times be maintained in decent, safe and sanitary condition. If required to be maintained as rental housing, the Project shall at all times maintain full occupancy to the greatest extent possible. At the request of the Secretary, Purchaser must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are met.
4. **UNIT NUMBER OR USE CHANGE:** Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Use Agreement, must receive the prior written approval of HUD.
5. **NON-DISCRIMINATION REQUIREMENTS:** The Purchaser will comply with the provisions of all Federal, State, or local laws prohibiting discrimination in housing.
6. **HAZARD INSURANCE:** Hazard insurance shall be maintained in an amount to ensure that the Purchaser is able to meet the rental housing requirements described in this Use Agreement in the event of damage to the Project.
7. **DESTRUCTION OF PROJECT:** In the event that any portion or the entire Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the property destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.
8. **DEMOLITION OF PROJECT:** If **the Project is** required by HUD to be maintained as rental housing**,** the Purchaser will not demolish any part of the Project or withdraw any part of the Project from such use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.
9. **REMEDIES FOR NONCOMPLIANCE:** Upon any violation of any provision of this Use Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, to the address stated in this Agreement, or such other address as subsequently provided to the Secretary as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice HUD may declare a default under this Use Agreement. HUD may apply to any court, State or Federal, for specific performance of this Use Agreement, for an injunction against any violation of this Use Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Use Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Use Agreement would be irreparable and the amount of damage would be difficult to ascertain.
   The availability of any remedy under the Use Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a

waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver the right to exercise that or any other right or remedy at any time.

10. **SUCCESSORS AND ASSIGNS:** This Use Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Use Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Use Agreement.
11. **CONTRADICTORY AGREEMENTS:** The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory, or in opposition to, the provisions of this Use Agreement, and that, in any event, the requirements of this Use Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Use Agreement.
12. **SEPARABILITY:** The invalidity of any provision of this Use Agreement shall not affect the validity of the remaining provisions hereof.
13. **AMENDMENT:** This Use Agreement may be amended with the mutual written consent of the parties, except for those provisions required by statute.
14. **RESTRICTIONS:** No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.

IN WITNESS WHEREOF:

The Purchaser has executed this Use Agreement in triplicate this _____ day of ______________, 20___.

WITNESS: PURCHASER:

______________________________ _____ ___________________________________

By: Signature

______________________________ _____ ___________________________________

Typed Name of Purchaser

_____ ___________________________

Street Address

_____ ________________________

City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement in triplicate this _________ day of ______________________, 20______.

WITNESS: FOR : THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

______________________________ BY: ___________________________________

______________________________ _____ ___________________________________

Official's Typed Name

_____ ___________________________________

Title

Exhibit A to Attachment C

Legal Description

Begin at the SW corner of Section 36, T 9 N, R 11 E, Neshoba County, Mississippi, measure thence East along the South boundary line of said Section 36 for a distance of 1943.00 feet; thence measure North 15.00 feet to the SW corner of Lot #1 of the W.M.W. James's Addition to the Town of Union, Mississippi as recorded in Plat Book 1, Page 30 among the land records in the Office of the Chancery Clerk, Neshoba County, Mississippi; thence measure North along the West boundary line of Lots #1, #3, #4, and #5 for 834.00 feet to the NW corner of Lot #5 of the aforementioned W. M. James's Addition, said point also being on the east boundary line of North Street (Mississippi State Highway #15) thence measure North along said east boundary of said North Street 107.00 feet to the Point of Beginning of the parcel of land herein described and from this POINT OF BEGINNING run thence North along said eastern boundary of North Street 315.50 feet; thence run East 697.00 feet to a point on the east boundary of the SW1/4 of aforementioned Section 36; thence run South along said east boundary of the SW1/4 of Section 36 for a distance of 315.50 feet; thence run West 697.00 feet to the Point of Beginning and containing 5.05 acres more or less located in the SE1/4 of the SW1/4 of section 36, T 9 N, R 11 E, in the Town of Union, Neshoba County, Mississippi.

RIDER 1 OF 7
AFFORDABILITY OF UNITS

The Use Agreement shall contain the following provisions:

Housing Assistance Payments (HAP) applicable when checked:
☒ As long as the HAP Contract is in effect, the HAP Contract will control the rent and eligibility requirements for the residents under the HAP Contract. If the HAP Contract expires, terminates, is not renewed, or funding expires within the affordability term as specified below, the Affordability of Units Rider ("Affordability Rider") will control future operations of the property. The Affordability Rider will also control future operation of the Property for those residential units not under the HAP Contract. No resident in place on the Closing date will be forced to vacate a unit.

Use Restriction:

1. The Purchaser **must maintain the property as affordable rental housing** for a period of twenty (20) years after the date of this Deed or such earlier time as the Secretary may specify in writing (the "Restricted Period").
2. Any change to the number or configuration of residential units required to be maintained as affordable housing must receive prior written approval from HUD.
3. The Purchaser will not unreasonably refuse to lease units to, or discriminate against, very low-income families.

Income Eligibility Limitation:
During the Restricted Period, the Purchaser must rent 64 dwelling units for affordable housing purposes, unless otherwise approved by HUD. The Purchaser may only rent the affordable units to families with adjusted gross annual incomes that do not exceed 80% percent of the area median income, adjusted for smaller and larger family size.

Maintenance of Rents at Affordable Levels:

(1) For current tenants, affordable rents means **the lesser of**:
   - (a) For a unit occupied by a very-low income family, the unit rent does not exceed 30 percent (30%) of 50 percent (50%) of the area median income (not the income of the family), as determined by HUD, with adjustments for smaller and larger families, less a reasonable utility allowance for utilities paid by the tenant; or
   - (b) For a unit occupied by a low-income family that is not a very low-income family, the unit rent does not exceed 30 percent (30%) of 80 percent (80%) of the area median income (not the income of the family), as determined by HUD, with adjustments for smaller and larger family size, less a reasonable utility allowance for utilities paid by the tenant; or
   - (c) The Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; or
   - (d) Market Rent in the immediate area established by a Rent Comparability Study prepared, at the Purchaser's expense, in accordance with HUD requirements.

(2) For new turnover tenants, affordable rent means **the lesser of**:
   - (a) The unit rent does not exceed 30 percent (30%) of eighty percent (80%) of the area median income (not the income of the family), as determined by HUD, with adjustments for smaller and larger family size, less a reasonable utility allowance for utilities paid by the tenant; or
   - (b) The Section 8 Voucher Payment Standard (less utility allowance established by the voucher provider**;** or
   - (c) Market Rent in the immediate area established by a Rent Comparability Study prepared, at the Purchaser's expense, in accordance with HUD requirements.

Annual Certification

The Purchaser shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER ___

SECRETARY OF HOUSING AND URBAN DEVELOPMENT ________

The Use Agreement shall include the following provisions:

1. Purchaser covenants to complete required repairs within twenty-four (24) months of Closing. To ensure completion, the Purchaser shall provide to HUD, at Closing, one of the following:
   (a) an unconditional, irrevocable and non-documentary Letter of Credit (LOC) in the amount of $427,025, with an expiration date at least six (6) months beyond HUD's estimated date for completion of repairs; or
   (b) if repairs are performed in stages, as agreed between Purchaser and HUD prior to Closing, up to five (5) LOCs may be provided to HUD. The first LOC shall be equal to at least ten percent (10%) of the total cost of the repairs. The remaining LOCs shall be in equal dollar amounts, the sum of all must equal the required LOC amount specified in paragraph 1(a) above; or
   (c) a cash escrow in the amount of $427,025, to be held by HUD in a non-interest bearing escrow account. The cash escrow will be returned to the Purchaser after repairs have been satisfactorily completed, except for ten (10) percent which will be held for an additional six (6) months.
2. It is within HUD’s sole discretion to allow one LOC, multiple LOCs or a cash escrow.

3. The LOC(s) shall have expiration dates of at least six (6) months beyond the estimated completion date of the repairs. The LOC(s) will be returned to the Purchaser after the repairs have been completed to HUD's satisfaction, except for ten (10) percent, which will be held for six months after the work has been completed to HUD's satisfaction. In the case of multiple LOC’s, the first LOC of ten percent will be held for six months after the work has been completed to HUD’s satisfaction.

4. The LOC(s) or cash escrow will be released on a prorate basis as the work is satisfactorily completed.

5. In the event an extension for completion of repairs is granted, the LOC(s) and/or cash escrow will be extended accordingly.

6. If the Purchaser is unable or unwilling to perform the repairs, HUD may cash the LOC(s) or use the cash escrow to complete the repairs or correct latent defects in the completed repairs, or for such purposes as HUD deems appropriate.

7. After Closing the Purchaser may, at HUD’s discretion, replace the LOC(s) with Performance and Payment Bonds meeting State and local codes as assurance of completion for post-closing repair requirements, as listed on Form HUD-9552 and its exhibits, or form HUD 9822.

   Purchaser must use HUD Form-92452 for the payment bond and a form for the performance bond that is acceptable to HUD.
   (a) Evidence of the existence of payment and performance bonds each in the amount of $1,708,100 [the total cost of repairs] must be provided to HUD.
   (b) Purchaser must follow the following requirements:
      i. The surety entity issuing the bonds must be included on the accredited U.S. Treasury list, Circular 570, published annually in the Federal Register on or about July 1 of each year;
      ii. The payment and performance bonds must not exceed limits listed in the Circular;
      iii. The payment and performance bonds must show HUD as payee, along with Purchaser's mortgagee, at the mortgagee's request.

8. If the Purchaser fails to complete repairs in accordance with this Agreement, the Secretary will not exercise the remedies described in paragraph 4, above, or request payment on the bonds secured under paragraph 6, above, if any lender holding a lien or security interest on the Project:
   (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and
   (b) Completes such repairs within 30 days of the notice or within such longer periods that HUD approves in writing.

9. The Purchaser covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth above.

By initialing hereunder, the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER ___

SECRETARY OF HOUSING AND URBAN DEVELOPMENT ___

RIDER 3 OF 7
RELOCATION

The Use Agreement shall include the following provisions:

<u>Relocation Restriction</u> The Purchaser covenants that it will operate the Project pursuant to paragraphs 2 through 4 below to ensure compliance with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), Section 215 of the Consolidated Appropriations Act, 2009, P.L. 110-161, and any subsequent legislation affecting tenant relocation. Additionally, the Purchaser covenants it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the Regulations thereunder, 49 CFR Part 24. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations.

(1) The Purchaser covenants that the Project will be rehabilitated within <u>twenty-four</u> (24) months from the date of this Use Agreement in accordance with all applicable State and local laws, codes, ordinances and regulations [and Housing Quality Standards pursuant to 24 CFR Part 886, Subpart C, and other requirements set forth in any Property Improvements Requirements sheet, attached hereto].

(2) If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants that it will provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.

(3) If temporary relocation is necessary because of such rehabilitation, Purchaser covenants that it will provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Project, and reimburse tenants for:
   - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period; and
   - (b) Expenses of returning to a repaired unit at the Project.

(4) If permanent relocation is necessary because of such rehabilitation, Purchaser covenants that it will provide assistance, as described below, to tenants, as may be appropriate:
   - (a) Advisory services necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Project; and
   - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.

HUD will not provide the Purchaser with any funds or subsidy with which to make the payments required by this paragraph.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 4 OF 7
ASBESTOS HAZARDS

The Use Agreement shall include the following provisions:

(1) Purchaser agrees to indemnify, defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Purchaser's responsibility for complying with applicable State and local asbestos laws and regulations.

(2) If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants that it will comply with Section 203(f)(7) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f)(7), Section 215 of the Consolidated Appropriations Act, 2009, P. L. 110-161 and all other subsequent legislation affecting tenant relocation. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Project Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Seller. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants that it will provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.

(3) If temporary relocation is necessary because of such rehabilitation, Purchaser covenants that it will provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Project, and reimburse tenants for:
  (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
  (b) Expenses of returning to a repaired unit in the Project.

(4) If permanent relocation is necessary because of such rehabilitation, Purchaser covenants that it will provide assistance, as described below, to tenants, as may be appropriate:
  (a) Advisory services necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Proj ect.
  (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by the Secretary to be reasonable considering the size of the household and the circumstances surrounding the move.

(5) The Purchaser covenants not to increase the rent for any unit until such unit meets all the rehabilitation requirements. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.

(6) If Purchaser fails to comply with (1), above, and no extension by written agreement has been granted by the Secretary, the Secretary and his successors in office shall be entitled to:
  (a) Cash Purchaser's LOC(s) and apply the funds to perform or correct such work, or for such purposes as HUD deems appropriate, or
  (b) Request payment or performance under any payment and/or performance bonds as described in the Post Closing Repair Escrow Requirements Rider.

(7) Notwithstanding 6(a) and (b) above, the Secretary will not exercise those remedies, if any lender holding a lien or security interest on the Project:
  (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and
  (b) Completes such repairs within 30 days of the notice or within such longer period(s) that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

The Use Agreement shall include the following provisions:

(1) In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35 (the "Regulations"), (applicable as checked)

☐ Purchaser covenants that the Project will be inspected and tested for lead-based paint, and any hazards will be abated in accordance with the Regulations.

☒ Purchaser covenants that any lead-based paint hazards will be abated in accordance with the Regulations.

Purchaser shall certify to the Secretary (in a form acceptable to the Secretary) and the Secretary shall determine, through its inspection (or at its discretion, the inspection and certification of a local government official) that all lead based-paint hazards have been removed from the Project in accordance with the Regulations.

(2) Purchaser understands and agrees that HUD's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead based-paint and all potential lead-based paint hazards have been eliminated from the Project and does not relieve Purchaser of its ongoing responsibility for complying with all applicable State and local lead based-paint laws and regulations.

(3) Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of lead based-paint health hazards, the prohibition against the use of lead based-paint, and Purchaser's responsibility for complying with applicable State and local lead based-paint laws and regulations.

(4) If temporary or permanent relocation is necessary because of such abatement, Purchaser covenants that it will comply with paragraphs 5 through 8, below. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Act"), as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the HUD. The Purchaser is responsible for ensuring compliance with the Act and regulations thereunder, notwithstanding any contractual obligations with third parties to comply with the Act and regulations. Purchaser covenants that it will provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.

(5) If temporary relocation is necessary because of such abatement, Purchaser covenants that it will provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Project, and reimburse tenants for:

(a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.

(b) Expenses of returning to a repaired unit in the Project.

(6) If permanent relocation is necessary because of such abatement, Purchaser covenants that it will provide assistance, as described below, to tenants, as may be appropriate:

(a) Advisory services necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Project.

(b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.

(7) The Purchaser covenants not to increase the rent for any unit until such unit meets all the rehabilitation requirements. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.

(8) Purchaser agrees to comply with Section 35.88 “Disclosure Requirements for Sellers and Lessors” and Section 35.92 “Certification and Acknowledgment of Disclosure” of 24 CFR - *Lead-Based Paint Poisoning Prevention in Certain Residential Structures.*

(9) If Purchaser fails to comply with (1), above, and no extension by written agreement has been granted by the Secretary, the Secretary and his successors in office shall be entitled to:

(a) cash Purchaser’s LOC(s) and apply the funds to perform or correct such work, or for such purposes as HUD deems appropriate, or

(b) request payment or performance under any payment and/or performance bonds described in the Post-Closing Repair Escrow Requirements.

(10) Notwithstanding 6(a) and (b) above, the Secretary will not exercise those remedies, if any lender holding a lien or security interest on the Project:

(a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and

(b) Completes such repairs within 30 days of the notice or within such longer periods that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 6 OF 7
RESERVE ACCOUNT

The Use Agreement shall include the following provisions:

The Purchaser will deposit at Closing **$64,000** into a Reserve Fund for Replacement Account ("Reserve Account"). After completion of all repairs, Purchaser will be required to deposit **$19,200** annually into the Reserve Account, payable monthly in an amount of **$1,600** per month, commencing the first day of the first month following completion of all repairs required by Seller on HUD form 9552. If the terms of the sale did not require completion of specific repairs on HUD form 9552, payments must commence the second month the Purchaser vouchers for Section 8 assistance.

Each Reserve Account will be an interest-bearing bank account and fully guaranteed as to the principal by the United States of America. The Reserve Account shall aid in funding extraordinary maintenance and repair and replacement of capital items. Such items include, but are not limited to: appliances, heating and cooling equipment, new floor covering, structural repairs, and roofs.

The Reserve Account shall be subject to the control of HUD and disbursements from such funds may be made only with the prior written consent of HUD, which will not be unreasonably withheld. Purchaser may request the release of funds from the Reserve Account for reimbursement of major capital expenditures.

Within sixty (60) days following the end of each fiscal year, HUD will be furnished with a complete annual financial report including deposits and withdrawals from the Reserve Account based upon an examination of the books and records of the Purchaser prepared in accordance with the requirements of HUD, prepared and certified to by a Certified Public Accountant.

The Purchaser agrees to comply with the HUD's rules and regulations concerning replacement reserves and surplus cash.

The requirements of this rider will terminate if the HAP Contract is terminated or expires and is not renewed or twenty (20) years from the date of this deed, whichever occurs first.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Purchaser___________

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_________________________

The Use Agreement shall include the following provisions:

The Purchaser agrees to rehabilitate/repair the Project to make the Project units decent, safe and sanitary as defined by HUD and to complete the work in accordance with the HUD approved work write up and cost estimates. Upon the acceptable completion of the Project, the Purchaser may bill for housing assistance payments to enable low income persons to occupy the (64) units assisted under the Housing Assistance Payments (HAP) Contract for the term of the HAP Contract or as long as funding is available.

SECTION ONE

1. **Significant Dates, Contents, and Scope of Agreement.**
   a. Effective Date of Agreement: Upon Closing
   b. Date for Commencement of Work – Not later than 14 calendar days after the effective date of this Rider
   c. The Project must be brought into compliance with 24 CFR Part 5 Uniform Physical Condition Standards not later than 180 calendar days (not to exceed 6 months) after the date for commencement of work.
   d. Final Inspection. HUD (or its designee) shall perform the final inspection of the completed units upon receipt of evidence of completion submitted by the Purchaser.
2. HUD Assurance. The acceptance of this Rider by HUD is an assurance by HUD to the Purchaser that:
   a. The faith of the United States is solemnly pledged to the payment of housing assistance payments pursuant to the Contract for as long as funding is available.
3. Purchaser's Failure to Comply with Rider. Any default under this Rider constitutes a default under the Housing Assistance Payments (HAP) Contract even in the event no funds have been requested and/or paid from said Contract. Any or all remedies outlined in the in the HAP Contract and the Use Agreement are the remedies that are applicable to a default under this Rider.

SECTION TWO

1. Schedule of Completion.
   a. Timely Performance of Work. The Purchaser agrees to begin work no later than by the time indicated in Part 1 of this Rider. The Purchaser shall report to HUD's Property Disposition Center the date work has commenced and shall thereafter furnish periodic progress reports (monthly unless more frequent reporting is required by HUD). In the event the work is not commenced, diligently continued, or completed as required under this Rider, the remedies outlined in paragraph 5 of this Section shall apply.
   b. Completion of Work. The Purchaser agrees to perform repair items necessary to bring the property into compliance with 24 CFR Part 5 Uniform Physical Condition Standards or subsequent laws. These repairs may not be the total repairs required and may not constitute release of any or all Letter(s) of Credit (LOC) required under a Post Closing Repair Rider.
2. Construction or Rehabilitation Period
   a. Inspections. Inspections will be limited to no more than 1 per month. Upon written notification from HUD that the property or individual units are in compliance with Uniform Physical Condition Standards, the Purchaser may begin billing for HAP payments. Payments may be retroactive to the inspection date for occupied units and the effective lease date for vacant units. At no time may payments be made for units that do not meet HUD's Uniform Physical Condition Standards or subsequent laws.
   b. Increases in Contract Rents or Utility Allowance. Increases in contract rents or utility allowanced during the construction or rehabilitation period are permitted only with HUD approval consistent with HUD regulations.
3. Project Completion.
   a. The Project shall be rehabilitated in accordance with the Uniform Physical Condition Standards 24 CFR Part 5. The purchaser shall be solely responsible for rehabilitation of the Project.
   b. The Project shall be in good and tenantable condition.
   c. The Project shall be rehabilitated in accordance with applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials.
4. Review and Inspection.
   a. Upon receipt of the notification and the evidence of completion, HUD shall review the evidence of completion for adequacy.
   b. A HUD representative (or its designee) shall inspect the Project in a manner sufficient to enable the inspector to report that he or she has inspected the observable elements and features of the Project in accordance with professional standards of care and judgment and that, on the basis of the inspection
      i. The Project has been completed in accordance with this Rider; and

ii. There are no observable conditions inconsistent with the evidence of completion, including the certification of the Purchaser. If the inspection disclosed defects or deficiencies, the inspector shall report these in detail.

c. Unconditional Acceptance. If HUD determines from the review and inspection that the Project has been completed in accordance with this Rider, the Purchaser and the HUD Field Office (having jurisdiction over the Project) shall be promptly notified of the units deemed acceptable and the date of said inspection.

d. Notification of Non-acceptance. If HUD determines that, based on the review of the evidence of completion and inspection, the Project cannot be accepted, the Purchaser shall be promptly notified of this decision with a statement of the reasons.

e. Contract Rents. The Contract Rents by unit size, amounts of housing assistance payments, and other applicable terms and conditions shall be specified in the proposed Housing Assistance Payments (HAP) Contract signed at closing. The Contract Rents will be the amounts established by HUD and published for the sale. There will be no exceptions.

5. Defaults. Any default under this Rider constitutes a default under the HAP Contract even in the event no funds have been requested and/or paid from said Contract. Any or all remedies outlined in the in the HAP Contract and the Use Agreement are the remedies that are applicable to a default under this Rider.

6. Assignments, Sale or Foreclosure

a. The Purchaser agrees that it has not made and will not make any sale, assignment, or conveyance or transfer in any fashion, of this Rider, the Contract or the Project all or in part of them or any of its interest in them, without the prior written consent of HUD (and the PHA where it is the CA and/or PBCA); however, in the case of an assignment as security for the purposes of obtaining financing of the Project, HUD (and the PHA where it is the CA and/or PBCA) shall consent in writing if HUD has approved the terms of such financing.

b. The Purchaser agrees to notify HUD (and the PHA where it is the CA and/or PBCA) promptly of any proposed action covered by Part 2 provision 6(a). The Purchaser further agrees to request the prior written consent of HUD (and the PHA where it is the CA and/or PBCA).

c. For the purposes of this part, a sale, assignment, conveyance, or transfer includes but is not limited to one or more of the following:

1. Transfer by the purchaser, in whole or in part.
2. A transfer by a party having a substantial interest in the Purchaser.
3. Transfers by more than one party of interest aggregating a substantial interest in the Purchaser.
4. Any other similarly significant change in the ownership of interest in the Purchaser or in the relative distribution of interest by any other method or means, and
5. Any refinancing by the Purchaser of the Project.

i. An assignment by the Purchaser to a limited partnership, in which no limited partner has 25 percent or more interest and of which the Purchaser is the sole general partner, shall not be considered an assignment, conveyance, or transfer. As assignment by one or more general or limited partners of a limited partnership interest to a limited partner, who will have no more than a 25 percent interest, shall not be considered an assignment, conveyance, or transfer.

ii. The term "substantial interest" means the interest of any general partner, any limited partner having a 25 perc ent or more interest i n the organization, any corporate offi cer or director, and any stockholder having a 10 percent or more interest in the organization

d. The Purchaser, and the party executing this Rider on behalf of the Purchaser, represent that they have the authority of all of the parities having ownership interests in the Purchaser to agree to this Rider on their behalf and to bind them with respect to it.

e. Except where otherwise approved by HUD, this Rider, the Contract shall continue in effect in the event:

i. Of assignment, sale, or other disposition of the project or this Rider or the Contract,
ii. Of foreclosure, including foreclosure by HUD,
iii. Of assignment of the mortgage or deed in lieu of foreclosure, or
iv. The PHA or HUD takes over possession, operation or ownership.

SECTION THREE

1. Project-based Section 8 Assistance

a. A Housing Assistance Payments (HAP) Contract will be executed at closing. The HAP Contract will cover 64 units in the Property, as specified by HUD. The HAP Contract will be initially funded for a minimum of one (1) month and a maximum of twelve (12) months prior to closing. The Purchaser agrees to accept the HAP Contract.

b. The HAP Contract shall provide that, when a vacancy occurs in any unit in the Project requiring project-based Section 8 assistance, Purchaser shall rent the unit to a family that is eligible for said Section 8 assistance under the HAP Contract.

c. The Purchaser agrees that, for any property formerly insured under Section 221(d)(3) or 236 of the National Housing Act, or for which a direct loan under Section 202 of the Housing Act of 1959 was made, any unit in the Property that does not receive project-based Section 8 assistance shall remain available and affordable for a period of 20 years under the terms of the Affordability of Units Rider.

d. The Purchaser agrees that at anytime the HAP Contract expires, terminated, is not renewed by HUD, or funding expires; the affordability rider will become applicable to the units previously covered under the HAP Contract. The Purchaser may reduce the term of the rider for such units by the collective term(s) of the HAP Contract and any subsequent renewals effective after this sale.

2. The Purchaser cannot voucher for Section 8 HAP payments until HUD has inspected the units and determined that they meet the Uniform Physical Condition Standards (UPCS) of the HAP Contract. Section 8 assistance payments will not be made retroactive to the date of closing. Assistance/subsidy will only be paid from the date the unit(s) was determined to meet the Uniform Physical Condition Standards (as per Section 2 Provisions 2 and 4).
3. Prior to receipt of subsidy payments, Purchaser shall not charge Section 8 eligible tenants more than the amount of the Total Tenant Payment (per the HUD 50059) the tenant would be required to pay under the Section 8 program.
4. Other Government Assistance and Adjustments in Project-Based Section 8 Assistance
   a. In order to comply with Section 102 of the Department of Housing and Urban Development Reform Act of 1989, and the regulations thereunder, 24 CFR Part 12, Purchaser covenants that it will disclose to Seller:
      i. Any Federal, State or local governmental assistance, other than the Section 8 assistance provided under the terms of this Deed, that it will receive or reasonably expects to receive prior to or during the term of the Section 8 HAP Contract.
      ii. In cases where the Purchaser will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available for the Property. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect governmental assistance.
   b. In order to comply with this requirement, the Purchaser, within 10 business days after receiving notice that it has been selected to purchase the Project, must complete and execute a Certification of Disclosure.
   c. Within 30 calendar days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affect the accuracy of the Certification of Disclosure, the Purchaser shall submit to Seller a revised Certification. The Seller may reduce the amount of Section 8 assistance provided for the Project to compensate in whole or in part, as the Seller deems appropriate, for any increases in other assistance.
5. Affordability and Availability of Project-based Section 8 Units. In order to assure compliance with 12 USC §1715z-11a (a), the Secretary of Housing and Urban Development, pursuant to a HAP Contract, will provide housing assistance under Section 8 of the United States Housing Act of 1937 (42 USC §1437f) for the Project predicated on the availability of funds. During the term of the HAP Contract, the Purchaser shall maintain all dwelling units covered thereby after the date of this Deed in accordance with the requirements of the HAP Contract and the Section 8 Housing Assistance Payments Program (24 CFR Part <u>5.403</u>). Any inconsistencies between the CFR (cited above) and the HAP Contract, the HAP Contract will prevail.
   The Purchaser shall not remove any existing tenant solely due to the tenant's ineligibility for Section 8 assistance, so long as the tenant remains in good standing. However, if an existing Section 8 ineligible tenant moves/relocates from the property, the Purchaser shall rent the unit to a Section 8 (24 CFR Part 5.403) eligible family, if the unit is assisted under the HAP Contract. This provision shall be enforceable by the Seller, Eligible Families or any other tenants on the Property.
6. The Purchaser agrees to request and accept project-based Section 8 assistance or any replacement rental assistance program, for as long as the Department of HUD offers renewal rental assistance.
   Should the Purchaser elect not to renew the HAP Contract or any subsequent rental assistance offered by HUD, current or future residents who are or would have been eligible for the project based assistance shall not be required to pay rent in excess of the amount that would have been required if the assistance was in place. All units that were assisted under the HAP Contract(s) are restricted for the term of the Use Agreement to occupancy by eligible families in accordance with HUD requirements under the HAP contract and this Rider and rent payments by these families shall not exceed 30% of adjusted monthly income **or the contract rent, which ever is less.** See SECTION THREE paragraph (1) (d) above for HAP Contract expiration, termination or non-renewal by HUD.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER ____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT ____

ATTACHMENT D
LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO.______________________

____ ______________________, 20____

U.S. Department of Housing and Urban Development
Five Points Plaza, 40 Marietta Street
Atlanta, GA 30303-2186

Attention: Mr. William H. Melvin, Director
Atlanta Multifamily Property Disposition Center

Dear Sir:

For the account of ____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. $_______________________, effective immediately and expiring on ___________________________, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

____
(address of bank)

This Credit is governed by the laws of ___________________________.

Sincerely,

(Issuing Bank)

By:____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank) ___________________________________
(City, State)

____ _______________________, 20____

Pay to the order of the U.S. Department of Housing and Urban Development the sum of $____________________________________. This draft is drawn under your Irrevocable Letter of Credit

NO.____________________________.

U.S. Department of Housing and Urban Development

By:____