

249248
LIBER 39804 PAGE 208
\$34.00 MISC RECORDING
\$4.00 REMONUMENTATION
12/03/2007 10:38:17 A.M. RECEIPT# 121341

PAID RECORDED - OAKLAND COUNTY
RUTH JOHNSON, CLERK/REGISTER OF DEEDS

REGULATORY AGREEMENT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT
735 East Michigan Avenue, Lansing, Michigan 48912

This Agreement, which shall have the full force of a restrictive covenant running with the land pursuant to Public Act 346 of the Michigan Public Acts of 1966, as amended, is dated as of this 8th day of November, 2007, and made by and between the **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY** (the "Authority") as the designated low income housing tax credit agency for the State of Michigan under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and Danish Village Limited Dividend Housing Association Limited Partnership ("Owner"), whose address is 8131 East Jefferson, Detroit, Michigan 48214.

RECITALS:

A. The Owner is the owner of certain real property (the "Property") located in the City of Rochester Hills, Oakland County, Michigan, and more particularly described in Exhibit A, which is attached hereto and incorporated by reference into this Agreement.

B. The Owner has applied to the Authority for an allocation of low income housing tax credit ("Housing Tax Credit") for one or more buildings in the residential rental development which have been or will be constructed on the Property (the "Project").

C. The Project is known as Danish Village Apartments.

D. The Authority has determined, pursuant to the provisions of Section 42 of the Code, that an allocation of Housing Tax Credit to the Project in the amount of Seven Hundred Ninety Nine Thousand Three Hundred Forty Six Dollars (\$799,346) is the maximum appropriate amount of tax credit authority to be allocated to the Project.

E. Section 42(h)(6) of the Code requires that the Authority and the Owner enter into an "extended low-income housing commitment", which must be recorded as a restrictive covenant in order for the Owner to be allowed the benefit of the Housing Tax Credit allocated to the Project.

NOW, THEREFORE, in consideration of receipt of the benefit of the Housing Tax Credit, the promises and covenants set forth in this Agreement, (including those enumerated in Exhibit B, which is attached hereto and incorporated by reference into this Agreement), the receipt and sufficiency of which are hereby acknowledged, the Owner and the Authority agree and covenant as follows:

H

OP

O.K. - MM

1. **Definitions.** All words and phrases used in this Agreement shall have the same meanings as defined in Section 42 of the Code.

2. **Qualified Low-Income Housing.** The building or buildings which have been allocated Housing Tax Credit by the Authority do or will, on completion, constitute a qualified low-income housing project as defined in Section 42(g) of the Code and regulations promulgated thereunder. The rental units of the Project will be rented or available for rental on a continuous basis to members of the general public throughout the term of this Agreement.

3. **Extended Low Income Housing Commitment/Restrictive Covenant.** It is the intent of the parties that this Agreement shall be an extended low income housing commitment under Section 42(h)(6) of the Code, that the Owner's covenants in this Agreement shall constitute restrictive covenants under Michigan law that run with the land, and that this Agreement shall be binding on all successors and assigns of each party. As a condition and in consideration of receipt of the Low Income Housing Tax Credit, the Owner, for itself and all successors in interest to the buildings in the Project, agrees as follows:

a. that the "applicable fraction" (as defined in Section 42(c)(1)(B) of the Code) for the building or buildings in the Project is 100%;

b. that the applicable fraction for a building for each taxable year in the "extended use period" (as defined in Section 6 below) will not be less than the "applicable fraction" specified above;

c. that it shall not permit the disposition to any person of any portion of a building to which this Agreement applies, unless all of the building is disposed of to such person; and

d. that it shall not refuse to lease to the holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

4. **Compliance with Section 42.** The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code, the regulations promulgated thereunder and the provisions of this Agreement. Further, the Owner covenants to take any required action, including amendment of this Agreement, as may be necessary, in the opinion of the Authority, to comply with the Code and all applicable regulations, rules, and procedures of the Internal Revenue Service or the United States Department of Treasury. In the event the Authority determines that the Project is in non-compliance with the rent and occupancy requirements of Section 42 of the Code, and the Owner, upon written notification by the Authority, does not take immediate steps to correct such non-compliance, the Authority shall be entitled to take such actions as it deems necessary to enforce the provisions of the Code and this Agreement.

5. **Subordination of Prior Lienholder.** Prior to recording this Agreement, the Owner agrees to obtain the subordination of any prior recorded lienholder on the Property to the restrictive covenants contained in this Agreement, and such subordination shall be a condition precedent to the issuance of IRS Form 8609s. The subordination of any prior recorded lienholder shall be attached as Exhibit C.

6. **Extended Use Period.**

a. The "extended use period" means the period beginning on the first day in the Compliance Period, as defined below and in Section 42 of the Code, on which a building is part of the qualified low-income housing Project, and ending on the date that is thirty (30) years after the close of the Compliance Period.

b. The "Compliance Period" means, with respect to any building, the period of 15 taxable years beginning with the 1st taxable year of the credit period with respect to the building.

c. The extended use period for any building shall terminate, subject to the provisions hereafter regarding low income tenancy and gross rent restrictions, as provided in Section 42(h)(6)(E) of the Code,

(I) on the date the building is acquired by foreclosure (or instrument in lieu of foreclosure) unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with the Owner, a purpose of which is to terminate such period, or

(II) on the last day of the one-year period following the Owner's submission of a written request to the Authority to present a qualified contract (as defined at Section 42(h)(6)(F) of the Code) for the acquisition of the low income portion of the building, if the Authority is unable to present, during such one year period, a qualified contract from any person who will continue to operate such portion of the building as a qualified low income building. The Owner acknowledges and agrees that it has waived any and all rights under Section 42 to present a qualified contract to the Authority pursuant to Section 42(h)(6)(F) of the Internal Revenue Code of 1986, as amended.

d. The Owner agrees that, during the entire "extended use period" and for a period of three (3) years following a termination as provided in section 6c above, the Owner shall not permit

(I) the eviction or the termination (other than for good cause) of an existing tenant of any low income unit, or

(II) any increase in the gross rent with respect to such unit not otherwise permitted under Section 42 of the Code and regulations promulgated thereunder.

7. **Record Retention.** The Owner covenants and agrees that it will maintain all records relating to Project operations and resident eligibility for 21 years with respect to the initial qualification and occupancy of the Project, and for 7 years with respect to all other records. All records must be readily available for inspection by the Authority at reasonable times.

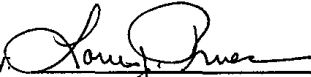
8. **Owner's Representations.** The Owner represents to the Authority that:

a. There is no action or proceeding in law or in equity now pending, or, to the knowledge of the Owner, threatened, which, if adversely determined, would materially impair the rights of the Owner to carry on business as contemplated by this Agreement, or would materially affect the Owner's financial condition.

b. It is a Michigan Limited Partnership, duly organized and existing under the laws of the State of Michigan, and has all the powers necessary to conduct business and to execute and deliver this Agreement.

Danish Village Limited Dividend Housing Association
(Owner) Limited Partnership

By: Danish Village GP, LLC, its general partner

By: 
Louis J. Prues, its Secretary

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this 15th day of November, 2007 by Louis J. Prues, as Secretary of Danish Village GP, LLC, general partner of Danish Village Limited Dividend Housing Association Limited Partnership.

Louis Prues 11/15/2007

Notary Public DORIN RADU County of MACOMB
My Commission Expires: 03/21/2008
Acting in WAYNE County of MICHIGAN

DORIN RADU
Notary Public, Macomb County, MI
My Commission Expires Mar. 21, 2008

DRAFTED BY AND WHEN RECORDED
PLEASE RETURN TO:

Mary P. Levine
MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY
735 E. Michigan Avenue
P.O. Box 30044
Lansing, Michigan 48909

EXHIBIT A

The following described premises situated in the City of Rochester Hills, County of Oakland, State of Michigan:

LAND LOCATED IN THE SOUTHWEST 1/4 OF SECTION 8, T.3N., R.11E., CITY OF ROCHESTER HILLS, OAKLAND COUNTY, MICHIGAN BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 8 AS RECORDED IN THE LAND CORNER RECORDATION CERTIFICATE IN LIBER 34596, PAGE 041, OAKLAND COUNTY RECORDS; THENCE ALONG THE PROPERTY CONTROLLING LINE AS SHOWN AS THE NORTH LINE OF SECTION 8 IN THE ARTHUR GILLESPIE SURVEY DATED SEPT. 9, 1959 BEING THE CENTERLINE OF WALTON BOULEVARD, N.89°35'21"W., 733.20 FT. (RECORDED AS N.89°44'02"W., 733.58 FT.); THENCE N.03°47'21"W., 60.16 FT. (RECORDED AS N.04°03'10"W., 60.17 FT.) TO THE SOUTHEAST CORNER OF THE ROANOKE APARTMENTS BEING THE POINT OF BEGINNING; THENCE CONTINUING N.03°47'21"W., 612.23 FT. (RECORDED AS N.04°03'10"W., 614.83 FT.); THENCE N.85°56'50"E., 467.95 FT. (RECORDED AS 460.00 FT.); THENCE S.04°03'10"E., 110.00 FT.; THENCE N.85°56'50"E., 228.50 FT. TO A POINT ON THE 43 FT. WESTERLY RIGHT OF WAY OF THE OCCUPIED CENTERLINE OF BREWSTER ROAD (86 FT. WIDE) AND 43 FT. PERPENDICULAR TO THE PROPERTY CONTROLLING LINE AND 43 FT. WEST OF THE WEST LINE OF "HITCHMAN'S HAVEN ESTATES NO. 2" A SUBDIVISION BEING RECORDED IN LIBER 77 OF PLATS, PAGE 33, OAKLAND COUNTY RECORDS; THENCE S.04°03'10"E., 275.00 FT. ALONG THE 43 FT. WESTERLY RIGHT OF WAY OF THE OCCUPIED CENTERLINE OF BREWSTER ROAD AND PARALLEL TO AND 43 FT. WEST OF THE PROPERTY CONTROLLING LINE; THENCE S.85°56'50"W., 251.32 FT.; THENCE S.04°03'10"E., 262.19 FT. (RECORDED AS 262.84 FT.) TO A POINT ON THE 60 FT. NORTHERLY RIGHT OF WAY OF WALTON BOULEVARD (PARALLEL TO AND 60 FT. NORTH OF THE PROPERTY CONTROLLING LINE); THENCE N.89°35'21"W., 449.31 FT. (RECORDED AS N.89°44'02"W., 438.42 FT.) ALONG THE RIGHT OF WAY LINE TO THE POINT OF BEGINNING. CONTAINING 352,838.04 SQ. FT. OR 8.100 ACRES OF LAND.

Commonly know as: 2566 Walton Road, Rochester Hills, Michigan

Tax Parcel Id. No.: 70-15-08-376-016 (new for 2007, previously part of 70-15-08-376-002)

EXHIBIT B

The Owner acknowledges that it has made certain representations with respect to the development, all of which remain true. Further, these criteria have been considered by the Authority in awarding Housing Tax Credit and shall be binding on the Owner and on any successor(s) in interest in the Project unless the Authority, in its sole discretion as Housing Credit Agency, grants a specific waiver of any such requirement. All applicable are checked.

1. Credit has been allocated to this development on the basis that a bona fide 501(c)(3) or 501(c)(4) nonprofit organization, having the fostering of housing as one of its exempt purposes and having no affiliation with or controlled by a for profit entity, has an ownership interest in the development and materially participates in the development's operation.
2. Credit has been allocated to this development on the basis that it is designed to serve and will serve the elderly population, as defined in HUD Handbook 4350.3 and related regulations.
3. At least 2,235 square feet (15 square feet per residential unit) of community space will be provided for use by the tenants in this project that serves the elderly and qualifies for the elderly set-aside.
4. Units will be rented to tenants with special needs receiving substantial services as a result of a contract (or equivalent relationship) with a local service provider.
5. Credit has been allocated to this Project on the basis that it will serve tenants at certain area median income restrictions and will also concurrently reduce rents to those tenants. The number of units so assisted and the incomes of residents for those units are as follows:
 - ◆ 10.74% of the units will be rented to families whose income does not exceed 30% of the area median gross income.
 - ◆ 15.44% of the units will be rented to families whose income does not exceed 35% of the area median gross income.
 - ◆ 50.33% of the units will be rented to families whose income does not exceed 40% of the area median gross income.
 - ◆ 23.49% of the units will be rented to families whose income does not exceed 60% of the area median gross income.
6. Units with two or more bedrooms will be reserved for households with children.
7. Credit has been allocated to this development on the basis that it will consist of single family or townhouse units that will be sold to eligible tenants at the end of the Compliance Period.
8. 20% of the units will be rented to tenants at market rate.

9. **Transfer of Ownership.** The Owner covenants and agrees that, prior to a sale or other transfer of ownership of the Project or any part thereof, it will notify the Authority in writing, and that it will enter into any agreements with the purchaser or transferee as may be prescribed by the Authority to comply with the requirements of the Code or state law.

10. **Owner to Demonstrate Compliance.** The Owner agrees that it will provide the Authority with such certifications, reports and other information as are required by the Secretary of the Treasury or by the Authority to demonstrate compliance with Section 42 of the Code and to administer the Authority's responsibilities as the Housing Credit Agency.

11. **Reliance By Authority.** The Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Authority.

12. **Enforceability.** This Agreement shall be enforceable in any court in the State of Michigan having jurisdiction thereof, by the Authority as the Housing Credit Agency, and to the extent required by Section 42(h)(6)(B)(ii) of the Code, by any individuals who meet the income limitation applicable to the building under Section 42(g) of the Code (whether prospective, present, or former occupant(s) of the building). It is understood and agreed that the sole enforcement right of said individuals shall be the right to enforce in any state court the requirements and prohibitions contained in Section 4 of this Agreement.

13. **Miscellaneous.** In the event of any conflict between the covenants contained in this Agreement and the requirements of the Code, the Code requirements shall prevail. The invalidity of any clause or provision of this Agreement shall not affect the validity of the remaining portions thereof.

EXHIBIT C

SUBORDINATION

The undersigned Mortgagee agrees that the lien of the Mortgage recorded in Liber 38727, Page 424, Oakland County Records, shall be subordinate to the restrictive covenants contained in Section 6 of the foregoing Low Income Housing Tax Credit Regulatory Agreement, which provides that, before the close of the 3-year period following the date of the acquisition of the Development by foreclosure (or Instrument in lieu of foreclosure), the owner of the Development shall not permit (1) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or (2) any increase in the gross rent with respect to such unit not otherwise permitted under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and regulations promulgated thereunder. The purpose of this Subordination shall be to comply with Section 42(h)(6)(E) of the Code, and the foregoing restrictive covenants shall survive a foreclosure of the Mortgage.

This Mortgage Subordination is executed this 26th day of NOVEMBER, 2007.

RBS CITIZENS, N.A.

By: [Signature]
DANIEL J. FLYNN
Its: SENIOR VICE PRESIDENT

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

The foregoing Mortgage Subordination was acknowledged before me this 26th day of November, 2007, by Daniel J. Flynn, as Senior Vice President of RBS Citizens, N.A., on behalf of said bank.

[Signature]
Beverly Ann Ballentine
Notary Public, Macomb County, MI
My Commission Expires: 1-2-2008
Acting In Oakland County, MI

BEVERLY ANN BALLENTINE
NOTARY PUBLIC, MICHIGAN
MACOMB COUNTY
ACTING IN OAKLAND COUNTY, MICHIGAN
MY COMMISSION EXPIRES JAN. 2, 2008