



INVESTMENT PROPERTY FOR SALE

378 UNIT APARTMENT COMPLEX

In Burton, Michigan

KINGS LANE APARTMENTS

A HUD-Owned project is offered for sale.



Bids will be accepted orally on:
February 13, 2019
at: 2:00 pm local time

at: HUD Regional Office
801 Cherry Street, Suite 2800 (28th Floor)
Fort Worth, TX 76102

Open House: Date: November 15, 2018 & December 14, 2018
Time: 11:30 am – 2:30 pm Local Time



Street Entry



Pool



Community Room



Fitness Room located in Community Room



Interior Unit



Interior Unit Bedroom

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ATTACHMENTS

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| <input checked="" type="checkbox"/> ATTACHMENT A - Property at a Glance | <input checked="" type="checkbox"/> ATTACHMENT D - Repair summary and narrative including any Environmental Summary/information |
| <input checked="" type="checkbox"/> ATTACHMENT B - Contract of Sale | <input checked="" type="checkbox"/> ATTACHMENT E - Certification of Substantial Compliance |
| <input checked="" type="checkbox"/> ATTACHMENT C - Letter of Credit (LoC) Sample | <input type="checkbox"/> ATTACHMENT F - Protecting Tenants At Foreclosure Act |

PROCEDURES AND FORMS REQUIRED TO COMPLETE BID AND PURCHASE

New Procedure Requirements – Previous Participation Certification

HUD's Active Partners Performance System (APPS) allows for the electronic submission of **Previous Participation Certification Form HUD-2530** on HUD's Secure Systems Internet site. Registration to use HUD's APPS and Secure Systems is a two-step process. All potential bidders registering for the first time in APPS should do so at least two weeks prior to the sale. Be advised that after registration in these systems, it takes approximately two weeks to receive the User/Coordinator ID. It is suggested that potential bidders register in these systems prior to the sale date. Please note that registration is not mandatory in order to bid at the foreclosure sales. However, bidders must comply with registration and 2530 requirements as outlined in ATTACHMENT B, TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER, Rider 1. For more information see Section 1 – Introduction and General Information, Section 2 – Previous Participation Certification and Section 4 – Submission of Post Bid Documents.

THESE FORMS ARE AVAILABLE AT <http://www.hud.gov/offices/adm/hudclips/forms/> OR CLICK ON THE URL BELOW TO OBTAIN THE FORM

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://www.hud.gov/offices/adm/hudclips/forms/files/2530.dot
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://www.hud.gov/offices/adm/hudclips/forms/files/92417.pdf
<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD-935.2A) http://www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://www.hud.gov/offices/adm/hudclips/forms/files/9832.pdf
<input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-a.pdf
OR <input type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-b.pdf
OR <input type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **DEFINITION OF INVITATION FOR BID** - This document, including attachments, exhibits, and any amendment thereto, constitute the Invitation for Bid (Invitation) for Kings Lane Apartments, FHA Number 048-35096. PROPERTY AT A GLANCE, Attachment A to this Invitation, contains a summary of facts, figures, and most terms of the sale. This Invitation also includes **information concerning Previous Participation Certification (Form HUD-2530) requirements** and a list of the forms necessary to complete a responsive bid.
2. **BID RESPONSIVENESS** - A bid must be responsive to the terms of the sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of sale are those set out in the Invitation for Bid, especially the Contract of Sale. Lack of earnest money deposit, as required by this Invitation, will be cause for bid rejection.
3. **SALE TO HIGHEST QUALIFIED BIDDER** - Sale of this project will be made to the highest responsive, qualified Bidder.
4. **BID ACCEPTANCE OR REJECTION** - HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any Bidder HUD determines lacks the experience, ability or financial responsibility needed to own the project and to provide management acceptable to HUD.
5. **CANCELLATION OF SALE** - HUD reserves the right to cancel this Invitation for Bid, and/or reject any and all bids.
6. **BIDDER'S DUE DILIGENCE** - Bidders are encouraged to perform their own due diligence to gain a full understanding of the project and the conditions of sale before submitting a bid.
7. **POST-CLOSING REQUIRED REPAIRS** - Repair requirements that must be completed after closing, if applicable to this sale, are included in the Form HUD-9552, Post-Closing Repair Requirements, and its Exhibits, Attachment D to this Invitation. The repair requirements listed in Attachment D survive the sale and will be recorded with the Deed. **NOTE:** the Form HUD-9552 and exhibits reflect **cost estimates** of the required repairs.

While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.

8. **RECORDATION OF CERTAIN DOCUMENTS** - Attachment D, Post Closing Repair Requirements (HUD Form-9552), if provided herein, and the riders for the Contract of Sale, Attachment B with riders, will be recorded with the Deed.
9. **SOURCE FOR ADDITIONAL INFORMATION** - Should you need further information, please call the contact person indicated in Property at a Glance.

SECTION 2 -PREVIOUS PARTICIPATION CERTIFICATION

PREVIOUS PARTICIPATION FOR PARTICIPANTS IN THE MULTIFAMILY PROGRAMS- New Procedure Requirements - Participants in Multifamily foreclosure sales, either as purchasers or management agents are required to register in HUD's Active Partners Performance System (APPS) which allows for the electronic submission of Previous Participation Certification Form HUD-2530 on HUD's Secure Systems Internet site.

Registration is not mandatory in order to bid at the foreclosure sale. However, it is suggested that all potential bidders registering for the first time in APPS do so at least two weeks prior to the sale.

For instructions on registering in the APPS and HUD's Secure System click on the following link:

<http://www.hud.gov/offices/hsg/mfh/pd/genbkits.cfm>

Be advised, that if a Management Agent will be participating in the management of the property, or if you are changing principals, adding principals, changing the name, or changing tax identification, it is the high Bidder's responsibility to ensure that all participants register and complete the 2530 process within the prescribed timeframes.

Failure to of any participant to submit a Previous Participation Certification (HUD Form 2530) or other required documents within the indicated time frame shall be grounds for rejection of the bid.

SECTION 3 - SUBMISSION OF BIDS

1. **GENERAL** - In order to submit a responsive bid to this Invitation, a Bidder must submit the items indicated in this Section. All the required forms are listed.
2. **BIDDING AT THE SALE** -
 - (a) The sale is an oral, open bid sale that takes place at the date, time and place indicated in the attached Property at a Glance.
 - (b) The Bidder must either:
 - (i) State a bid price orally at the sale, **or**
 - (ii) Submit a written bid to the person that conducts the sale two (2) business day before the date and time of the sale. Written bids, if received, will be read aloud at the sale before oral bids are accepted.

Only the person that submitted the written bid, or an agent thereof, may raise a written bid price. Please call the contact person indicated in Property at a Glance for details regarding submitting a written bid.

3. **ITEMS THAT MUST BE SUBMITTED AT THE SALE -**

- (a) Contract of Sale - Three (3) signed, completed copies of the Contract of Sale must be submitted. To be considered complete, the Contract of Sale must include the date the contract is completed, the name of the purchasing entity, the bid price, the earnest money deposit amount, the balance to be paid at closing, the Purchaser's signature and date of Purchaser's execution, witness names, other information required on the execution page of the Contract of Sale, and the Purchaser's initials acknowledging each contract rider. The completed Contract of Sale is an integral part of the bid. An incomplete Contract of Sale may be reason for HUD to reject the bid.
- (b) Earnest Money Deposit
 - (i) The earnest money deposit, for not less than the amount specified in the Property at a Glance, must be submitted prior to presenting an oral or written bid.
 - (ii) The deposit must be in the form of a money order, certified, cashier's or other banker's check payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
 - (iii) No other method of payment for the earnest money deposit is acceptable.
 - (iv) A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization.
 - (v) Lack of proper deposit will be cause for rejection of the bid by HUD.
 - (vi) Immediately following the sale, earnest money will be returned to those whose bids have been rejected.

- 4. **CORRECTIONS** - Any changes or erasures made to a written bid may be made by the bidder only and must be initialed.
- 5. **TELEGRAPHIC OR FACSIMILE BIDS** - Telegraphic or facsimile bids and/or bid modifications will not be considered for award.
- 6. **VERBAL NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDERS** - The high and second high Bidders will be notified verbally of their bidding positions by the person that conducts the sale immediately after the sale is completed.
- 7. **REJECTION OF LOWER BIDS** - All bids other than the high bid will be rejected verbally at the sale by the person that conducts the sale.

SECTION 4 - POST SALE PROCEDURES

- 1. **CONTINUANCE OF OFFERS** - The high bid shall be deemed to be a continuing offer from the time of the sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Contract of Sale or until thirty (30) days after the sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired.

2. **SUBMISSION OF POST-BID DOCUMENTS**

➤ **TWO (2) DAYS AFTER SALE - (FEDERAL WORKING DAYS)**

1. **Previous Participation Certification:**

- a. **Bidders not registered in APPS and Secure Systems:** The high Bidder must register in the **Active Partners Performance System (APPS)** which allows for the electronic submission of Previous Participation Certification (form HUD-2530) **and** the HUD's Multifamily Secure Systems **not later than two (2)** Federal Government working days after being verbally notified at the sale of being the high Bidder. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions.
- b. **Bidders previously registered in APPS and Secure Systems:** The high Bidder must enter the APPS system and print a copy of the Participant Detail page. That copy must be faxed to the Realty Specialist at (817) 978-5855.

2. **Certification of Substantial Compliance** - the **complete and original** (Attachment E) must be received in the Fort Worth HUD office within 2 days of the sale date.

➤ **TEN (10) DAYS AFTER SALE - (FEDERAL WORKING DAYS)** Not later than ten (10) Federal Government working days after being verbally notified at the sale of being the high Bidder, the Bidder must, if checked below, submit additional information to the contact person listed in the Property at a Glance.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affirmative Fair Housing Marketing Plan (Form HUD 935.2A) | <input checked="" type="checkbox"/> Bidders Property Management Statement |
| <input checked="" type="checkbox"/> Form HUD- 2530 for Purchasing Entity, if different from bidding entity, See Section 2 for procedure | The Bidder must complete and submit written statements of how the purchaser will: |
| <input checked="" type="checkbox"/> Form HUD- 2530 for the Managing Agent, if Applicable, See Section 2 for procedure | (i) Satisfy the condition of the disposition; and show experience in operating/managing and administration of properties of the type and nature as the property being offered in this sale. |
| <input checked="" type="checkbox"/> Personal Financial and Credit Statement (Form HUD 92417) For each proposed principal and/or general partner | (ii) Implement a sound financial and physical management program; |
| <input checked="" type="checkbox"/> Management Entity Profile (Form HUD 9832) | (iii) Respond to the needs of the tenants and work cooperatively with resident organizations; and |
| <input checked="" type="checkbox"/> Management Certification (Form HUD 9839 A) | (iv) Provide adequate organizational staff and resources to the project. |
| <input checked="" type="checkbox"/> Management Certification (Form HUD 9839 B) | <input type="checkbox"/> Statement of the services, maintenance and |
| <input type="checkbox"/> Project Owner's/Borrower's Certification (Form HUD 9839 C) - For elderly housing projects managed by Administrators only | |

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID

- (a) HUD will review the high bidder to determine if Bidder is qualified to purchase the project.
 - (i) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.
- (b) If HUD rejects the high Bidder, and HUD elects to contact the second-high bidder, the second-high Bidder will be given twenty-four (24) hours to submit the earnest money deposit and will be reviewed to determine if Bidder is qualified to purchase the property.
 - (i) If HUD approves the second-high Bidder as being qualified, second high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the second-high bid is rejected due to HUD's determination that the second high Bidder is not qualified to purchase the project, HUD will notify the second high Bidder in writing.
- (c) HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual indicated in the Contract of Sale.
- (d) The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the sale.

4. HANDLING OF THE EARNEST MONEY DEPOSIT

- (a) The earnest money deposit of the high Bidder will be held by HUD. If HUD determines the high bid/Bidder to be acceptable and the high Bidder complies with the provisions outlined above in Section 2, the earnest money deposit will be applied to the sales price at closing. If HUD does not accept the high bid, the high Bidder's earnest money deposit will be refunded, unless Bidder has failed to comply with the provisions outlined above in Section 2 and as required in the Bidder's Property Management Statement.
- (b) Interest will not be paid on earnest money deposits.

5. REVIEW OF PROJECT MANAGEMENT - HUD will review the forms submitted as required above in Section 2 for accuracy and to ensure they reflect Bidders qualifications to operate/manage/administrate property of the nature in this sale. HUD may elect to discuss project management plans after submission of the post-bid documents by the high Bidder. HUD reserves the right to reject the bid of any Bidder and retain the Earnest Money Deposit, if the Bidder does not provide management acceptable to HUD.

6. CLOSING DATE REQUIREMENT - The closing date will take place within the time period specified, in accordance with the Contract of Sale.

7. EXTENSION OF CLOSING- The right to extend the sales closing is expressly reserved by HUD as set forth in the Contract of Sale.

SECTION 5 - CLOSING

1. CLOSING DATE AND PLACE - The closing date, in accordance with the Contract of Sale, paragraph 8, shall be closed at the HUD's offices, or at such other place as may be agreed on by HUD and Bidder.

2. CASH DUE AT CLOSING - Cash due at closing is the remainder of the purchase price less the earnest money deposit received, plus or minus any prorations. Cash due at closing includes all initial deposits to reserve accounts, if applicable.

3. PRORATIONS - No income and expenses will be prorated in accordance with the Contract of Sale.

4. CLOSING EXPENSES - Irrespective of local custom, the Bidder shall pay all closing expenses, including, but not limited to, all documentary stamp taxes, all recording fees, and any costs in connection with a review of title or title insurance as may be requested by the Bidder.

5. METHOD OF PAYMENT - Cash due at closing shall be paid in the form of a money order, certified, cashier's or other bank check made payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**, in accordance with the Contract of Sale, paragraph 2(c).

6. LETTER OF CREDIT - If Post-Closing repairs described in Attachment D are included in this sale, the Purchaser, at closing, shall provide HUD with an unconditional, irrevocable and non-documentary Letter of Credit (LOC), or a group of no more than five (5) LOCs, in the amount stated in Property at a Glance. Such LOCs shall expire no earlier than six (6) months after completion of the stated required repairs. HUD will release the undrawn balance in the LOCs six (6) months after completion of repairs. Such undrawn balance shall be of an amount equal to ten percent (10%) of the original total amount of the LOCs.

7. CONVEYANCE - Conveyance of the project shall be by Special Warranty Deed, or other instrument if required by local law.

8. RECORDATION OF DEED - Either HUD or the Bidder (Purchaser) may record the Deed, with documents indicated in Section 1, Paragraph 8, at the discretion of HUD Counsel. HUD shall record all other

recordable documents. All recordation shall be at the expense of the Bidder (Purchaser).

9. DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING

☒ **Contract of Sale**

☒ **Letter(s) of Credit**

☒ **Closing Statement**

SECTION 6 - DISCLAIMERS

1. DISCLAIMER

- (a) Bidders interested in purchasing this project are expected to acquaint themselves with the property, and to arrive at their own conclusions as to; physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the property. Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation for Bid and in any Addendum hereof.
- (b) While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.

2. UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS - Any oral statement or representation by any representative of HUD changing or supplementing this Invitation for Bid or Addendum hereof, or any condition hereof, is unauthorized and shall confer no right upon the Bidder (Purchaser).

3. HUD LIABILITY - In any case, with respect to any claim against HUD, the extreme measure of HUD's liability shall not, in any event, exceed refund of the purchase price, or such portion thereof as HUD may have received.



Property at a Glance

Kings Lane Apartments

ADDRESS: **4400 Kings Lane**
Burton, MI 48529
 COUNTY: **Genesee**

EARNEST MONEY: **\$100,000** SALES PRICE: **Unstated Minimum**
 TERM **"All Cash-As Is"; 30 calendar days to close**
 LETTER OF CREDIT: **\$300,000** SALE TYPE: **HUD-Owned Sale**

PROPERTY INFORMATION

Total Units	Residential	Commercial	Foundation:	Slab on Grade
378	Revenue 378	0	Roof:	Fiberglass Shingles
	Non-Revenue 0		Exterior:	Brick; Vinyl Siding
			Floors/Finish:	Carpet

Elevator	Garden	Walk-up	Townhouse	Scattered Sites	Service Center	Mobile Home Park	Nursing Home	Vacant Land	Other:
	X	X							

Number of Buildings	Stories	Year Built	Rehab Year	Site Acreage	Approximate Net Rentable Area
16	2	1978	2006	16.82	252,676

Mechanical Systems

Heating:	Air Conditioning
Fuel Gas	Individual
System Central	Insulated
Hot Water:	
Fuel Gas	
System Central	

Utilities

Public Water	X
Gas Main	X
Electric	X
Sanitary Sewer	X
Storm Sewer	
Septic Tank	

Parking

Street	Asphalt
Curb	Concrete
Sidewalk	Concrete
Parking Lot	Asphalt
Parking Spaces	16
	635

Apartment Features

X	Air Conditioning
X	Dishwasher
X	Microwave
X	Garbage Disposal
X	Refrigerator
X	Range/Oven
X	Drapes/Blinds

Community Features

	Garage
	Covered Parking
X	Laundry Facility
X	Cable/Sat Hookup
	Playground
X	Pool
X	Community Space

Owner Expense

Heat
Water
Trash Removal

Tenant Expense

Electric

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	81%	83%	85%	86%	87%	89%	84%					
2017				92%	87%	86%	82%	83%	84%	80%	84%	81%

ESTIMATED ANNUAL RENTAL INCOME:

Number of Units	Type	Approx Square Feet	Current Rent	Estimated /Possible After Sale Rent	Estimated /Possible Total After Sale Rent		Total Estimated/ Possible Annual Income
146	1BR/ 1BA	600	\$535	\$540	\$78,840	Rent	\$2,591,520
115	2BR/ 1BA	700	\$575	\$585	\$67,275	Commercial	0
89	2BR1 /BA	720	\$595	\$585	\$52,065	Parking	0
28	2BR/ 2BA	732	\$635	\$635	\$17,780	TOTAL	\$2,591,520
						Estimated Annual Expenses	
						Administrative	\$75,600
						Utilities	\$179,550
						Operating	\$66,150
						Taxes/Insurance	\$283,500
						Reserve/Replace	\$94,500
TOTAL MONTHLY					\$215,960	TOTAL	\$699,300

COMMENTS CONCERNING PROPERTY INFORMATION:

THIS IS PROPERTY IS NOT CONNECTED TO THE FLINT WATER SYSTEM.

THERE ARE SECTION 8 VOUCHER HOLDERS AT THE PROPERTY. VOUCHERS ARE A TENANT-BASED ASSISTANCE SUBSIDY, MEANING THE SUBSIDY FOLLOWS THE TENANT AND IS NOT ATTACHED OR CONNECTED TO A SPECIFIC PROPERTY OR UNIT AS IS PROJECT-BASED SECTION 8. HUD WILL NOT PROVIDE PROJECT-BASED SUBSIDY WITH THE SALE OF THIS PROPERTY.

USE RESTRICTIONS

Two-year rent protection is being provided for all tenants at the property.

TERMS OF SALE

The purchaser must complete the repairs to HUD's satisfaction within 24 months after closing. The repairs are estimated to cost \$1,186,575.00.

Closing is to be held 30 days after HUD accepts the bid. If HUD authorizes an extension of the closing, the purchaser must pay a fee which is the greater of 1.5% of the purchase price or HUD's holding costs of \$8.67 per unit per day for each 30 day period.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

This is an "All Cash – As Is" sale. HUD is providing no financing for this sale. The purchaser must provide for payment of the full purchase price in cash at closing.

Submission of Bids: Bids for this property can only be considered for acceptance if submitted on the specific forms listed in the Bid Kit for this property, along with required earnest money. A Bid Kit may be obtained as indicated below.

Suspended or Debarred Parties: No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. THE DEFAULTING MORTGAGOR, OR ANY PRINCIPAL, SUCCESSOR, AFFILIATE, OR ASSIGNEE ON THE MORTGAGE AT THE TIME OF DEFAULT SHALL NOT BE ELIGIBLE TO BID ON OR OTHERWISE PURCHASE THIS PROPERTY. (Principal and Affiliate are defined at 2 CFR 2424.)

The Deed will contain the following Riders:

- 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

I. INSPECTION OF PROPERTY AND BIDDING INSTRUCTIONS

Prospective bidders are urged and invited to inspect the property prior to submitting a bid. Bids for this property can only be considered if properly submitted by following the bidding instructions provided in the FREE INFORMATION and BID KIT.

INFORMATION and BID KIT may be viewed or printed at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/pd/mfplst.

You may also sign up for our electronic mailing list at

<https://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=Multifamily%20Property%20Disposition&list=MFPD-L>. If you do not have access to the internet or cannot download a PDF file, you may contact the Realty Specialist identified below to obtain a copy of the bid kit.

BIDS for Kings Lane Apartments

MUST BE PRESENTED ON:

February 13, 2019

at: 2:00pm local time at:

HUD Regional Office
801 Cherry Street
Suite 2800 (28th Floor)
Fort Worth, TX 76102

HUD OFFICE:

Fort Worth HUD Office
Property Disposition Division
810 Cherry St, Unit #45,
Suite 2500
Fort Worth, TX 76102

REALTY SPECIALIST:

Lori L. Gregg
Phone : (817) 978-5801
Lori.L.Gregg@hud.gov

OPEN HOUSE: Date: November 15, 2018 & December 14, 2018

Time: 11:30am – 2:30pm Local Time

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

**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 forty-five (45) 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 _____

Exhibit A
Legal Description

The premises in the City of Burton, Genesee County, Michigan, described as:

Part of the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 30, Township 7 North, Range 7 East, Michigan Meridian, City of Burton, Genesee County Michigan, described as:

Commencing at the Southeast corner of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ 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 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 1,327.99 feet along the center line of Camden Avenue, so called, to the point of beginning.

Commonly known as 4400 Kings Lane, Burton, Michigan 48529

Tax Parcel Number 59-30-300-013

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.

Contract of Sale (Initials) _____ Grantee

_____ HUD

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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.
- 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.
 - 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.
 - Purchaser must ensure the bonds comply with the following requirements:
 - 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;
 - The payment and performance bonds must not exceed limits listed in the Circular;
 - The payment and performance bonds must show HUD as an Obligee;
 - 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.
- Quarterly Reports: 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.
 - Additional Reports: 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:
- Enter and terminate the estate hereby conveyed, or
 - 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:
- 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.

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.

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

[**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 responsibility 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
		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	YES	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		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	

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**

Executive Summary: Kings Lane Apartments, constructed in 1978 (according to management), is located at 4400 Kings Lane, Burton, Michigan and consists of 378 one and two-bedroom apartments distributed in sixteen two-story residential structures. There are 146 one-bedroom one-bath units, 204 two-bedroom one-bath apartments, and 28 two-bedroom two-bath dwellings. All of the apartments are single-level units with second-floor apartments accessed from exterior common stairs. Each residential building has a common boiler room and laundry.

Based on the exterior appearances of the structures, it appears that Buildings 1-10 and 11-16 were constructed as two different properties even though the interior layouts are very similar. It is obvious from the condition of the finishes and current code conditions that the development received a substantial modernization in the not so distant past. Current management did not have any information as to when the modernization program occurred; however, HUD stated that it appeared that the renovation effort was accomplished somewhere around 2007 based upon FHA loan documents.

A leasing office is located near the center of the property. The structure has multiple offices and a large community meeting space with fireplace and serving kitchen which has granite countertops and stainless-steel appliances. Common bathrooms are provided with showers and rear access to a large pool and concrete deck which is surrounded by security fencing. A fitness center is also provided as well as maintenance space including material storage.

Mail is delivered via gang mailboxes with a covered shelter at the center of the development. Trash is disposed of in common dumpsters located at six different areas of the site. Asphalt parking is immediately adjacent at the front of all buildings with the exception of Buildings 6 and 9 which have parking on the front and rear. All parking is bordered with concrete sidewalks. Building mounted lighting provides illumination for the site. A large portion of the site is enclosed with a 6' high chainlink fence. Vehicular traffic is only allowed off of Hemphill Road with a second entrance off of Camden Avenue blocked with a swinging barricade. Signage provides for excellent building and dwelling unit reference for emergency personnel, visitors, and deliveries.

All buildings are constructed on concrete slabs with second floors constructed of wood framing. Walls and roof framing are constructed of wood with roofs covered with plywood deck and fiberglass shingles. All attics are ventilated with eave vents and ridge vents. The exteriors of the buildings are clad with brick masonry and vinyl siding in varying locations. Brick is present at most exterior common stairs providing for better durability at high pedestrian areas. Most exterior wood surfaces including fascias and soffits, columns, beams, etc. are covered with aluminum trim. Gutters surround all roof eaves with downspouts discharging at concrete splashblocks on grade.

Exterior common stairs are constructed of heavy wood members with intermediate landings of concrete at Buildings 1-10 and wood at Buildings 11-16. It appears that the second-floor walkways, based on the condition of the framing and concrete witnessed, were replaced at Buildings 1-10 and repaired at Buildings 11-16 during the substantial modernization program previously mentioned. Each building has a common stair on either end with the second-floor walkways on one side with the exception of Buildings 6 and 9 having a second-floor walkway on both long elevations. The exterior stairs and second-floor walkways are well protected by substantial aluminum handrails and guardrails. Most first-floor apartments have sliding glass door on the rear that lead to a modest concrete patio.

Interior walls and ceilings are gypsum board. Floors are covered with carpet in the bedrooms, living rooms, and most dining rooms and with resilient flooring in kitchens and baths. Fiberglass wainscots surround the bathtubs.

Apartment entry doors are insulated metal with wood frames with sliding glass doors at many of the first-floor and a few second-floor apartments. Interior doors are hollow core pressed Masonite with wood frames. Windows are aluminum sliders. The windows and sliding glass doors have double-pane insulating glass and vertical blinds. Shelving in closets was of vinyl-coated steel wire construction.

All apartment kitchens have electric ranges, refrigerators/freezers, dishwashers, and microwave/rangehood combination units with a fire extinguishing device attached underneath. Dwelling units are heated with baseboard heaters supplied with hot water supplied by two common gas-fired boilers per building located in a common boiler room. The same two boilers provide domestic hot water which is stored in two storage tanks adjacent to the boilers. A single through-wall electric air-conditioner provides cooling at most apartments with a portion of the units having more depending upon the unit configuration and number of bedrooms.

All bathrooms have exhaust fans. GFI receptacles exist in the kitchens and baths as required with hard-wired battery back-up smoke detectors in all bedrooms and areas leading to the bedrooms as required. Sprinklers were only witnessed in the laundry rooms and maintenance storage. Electricity is individually metered with gas and water being master metered.

At the time of this report, 51 of the 378 apartments (13.5%) were inspected. This survey also included 100% of the exterior and common areas. According to maintenance staff, 57 units were vacant with 50% of those being rent ready. The other vacant units were in the process of being readied after normal resident turnover.

Certification of Substantial Compliance

Attachment E

TO: The United States Department of Housing and Urban Development

FROM: _____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in _____ (City or Town where project being purchased is located) is/are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By: _____
Purchaser Name

Verified by: _____

Title

Typed Name

Address

Title

Telephone Number

Address

Date

Phone

Date

STATE OF: _____)
COUNTY OF: _____)
Came before me this _____ day of _____, 20____. **Notary Seal**

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address