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USE AGREEMENT

This Use Agreement entered into as of the 1st day of July, 2007, by and between MOUNT ZION HOUSING AUTHORITY OF HAMMOND, INC., an Indiana not-for-profit corporation (herein called "Owner") and the SECRETARY OF HOUSING AND URBAN DEVELOPMENT, WASHINGTON, D.C., ACTING BY AND THROUGH THE ASSISTANT SECRETARY FOR HOUSING-FEDERAL HOUSING COMMISSIONER (herein called "HUD"),

Witnesseth:

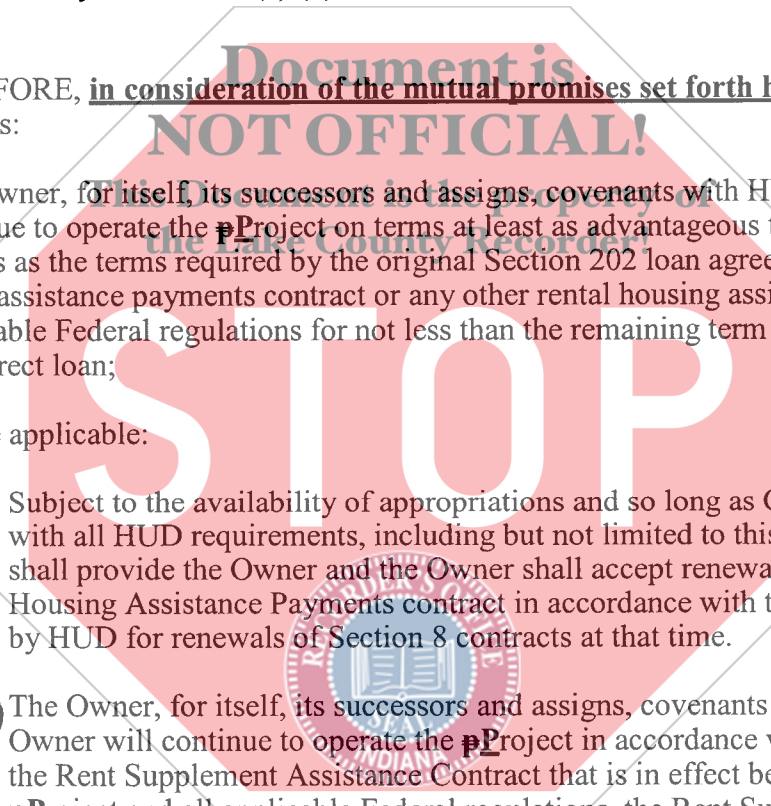
WHEREAS, Owner owns a multifamily housing project (herein called the "Project"), situated on the property described in Exhibit A attached hereto, subject to a mortgage loan (herein called the "Section 202 Loan") made by HUD under Section 202 of the Housing Act of 1959, as amended; and

WHEREAS, HUD is directed, pursuant to Section 811 of the American Homeownership and Economic Opportunity Act (AHEO Act), to permit Owners to prepay Section 202 direct loans; and

WHEREAS, in consideration of the promise to permit the prepayment of the ~~direct loan~~ Section 202 Loan, and as required by Section 811(a) (1) of AHEO Act the Owner agrees to implement this Use Agreement.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties hereto agree as follows:

1. The Owner, for itself, its successors and assigns, covenants with HUD that the Owner will continue to operate the ~~p~~Project on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement or any Section 8 rental assistance payments contract or any other rental housing assistance contract and all applicable Federal regulations for not less than the remaining term of the original Section 202 direct loan;
2. Where applicable:
 - a. Subject to the availability of appropriations and so long as Owner is in compliance with all HUD requirements, including but not limited to this Use Agreement, HUD shall provide the Owner and the Owner shall accept renewals of the Section 8 Housing Assistance Payments contract in accordance with the terms as presented by HUD for renewals of Section 8 contracts at that time.



Chicago Title Insurance Company

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PEGGY HOLINGA KATONA
LAKE COUNTY AUDITOR

3. In the event of a breach or a threatened breach of any of the above covenants and agreements by the Owner, HUD and/or any tenant as a third-party beneficiary shall

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entitled to institute legal action to enforce performance and observance of such covenants and agreements and to enjoin any acts which are violative of such covenants and agreements.

- ~~24.~~ The Owner shall not (a) impede the reasonable efforts of tenants to organize as detailed in 24 CFR Part 245, or (b) unreasonably withhold the use of any community room or other available space appropriate for meetings which is part of the mortgaged property when requested by: (i) a resident tenant organization in connection with the representational purposes of the organization; or (ii) tenants seeking to organize or to consider collectively any matter pertaining to the operation of the mortgaged property.
- ~~35.~~ The Owner, for itself, its successors and assigns, hereby agrees and acknowledges that this Use Agreement shall be recorded in the appropriate land records and that HUD and any successors and assigns and/or any third-party beneficiary may file suit against the Owner or any of its successors or assigns for an order of the court demanding specific performance of any of these covenants and agreements, enjoining any acts which are violative of such covenants and agreements, for an award of whatever damages can be proven and/or for such other relief as may be appropriate.
- ~~46.~~ The Owner agrees to maintain the ~~p~~**P**roject solely as rental housing for very-low income elderly or disabled persons (or low income elderly or disabled person as approved by HUD or moderate income elderly or disabled persons in the case of non-subsidized Section 202 projects) for the life of the Use Agreement.
- ~~57.~~ The ~~p~~**P**roject will continue to operate until the maturity date of the original Section 202 ~~Direct~~ Loan in a manner that will provide rental housing for the elderly and persons with disabilities on terms at least as advantageous to existing and future tenants as the terms required by the original loan.
- ~~68.~~ The Owner will accept all forms of Section 8 tenant-based assistance for all units that do not have project-based ~~ds~~ assistance for the life of the Use Agreement.
- ~~79.~~ Ownership of the ~~p~~**P**roject will be controlled by a nonprofit mortgagor entity or a limited partnership entity of which the general partner is an entity controlled by a legitimate nonprofit affordable housing provider.
- ~~810.~~ Owner will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, handicap, familial status or national origin, including the Fair Housing Act of 1968, as amended.
- ~~911.~~ In subsidized projects, admission to the project shall be limited to tenants having a very-low- or low- or moderate-income which does not exceed the limits established by HUD and in effect at the time of admission.
- ~~1012.~~ The Owner will obtain from each prospective tenant, for occupancy in a Section 8 or Rent Supplement assisted unit, a certification of income prior to admission to the ~~p~~**P**roject, and a recertification of income from each tenant each year following the date of admission. The Owner shall comply with all requirements of the Section 8 ~~HAP~~ **Housing Assistance Payments** Contract or the Rent Supplement **Assistance** Contract.

- ~~113.~~ If any recertification discloses that family income, for a family living in Section 8 or Rent Supplement unit, exceeds the limits established by HUD and in effect at the time of recertification, the Owner shall require the tenant to pay an increased rental in an amount computed in accordance with a formula prescribed by HUD, and if the tenant refuses to pay the increased rent the Owner shall require the tenant to pay the unsubsidized rent for the unit.
- ~~1214.~~ The rent charged for each unit shall not exceed the upper limit of the range shown for such type of unit on a rental schedule approved in writing by HUD, and shall include the reasonable use of all utilities shown on said schedule, but in no event shall the total gross monthly rents for all dwelling units exceed the gross monthly dwelling income for all units approved by HUD on the rental schedule.
- ~~1315.~~ No increase will be made in the amount of the gross monthly dwelling income for all units as shown on the rental schedule unless such increase is approved by HUD, who will at any time entertain a written request for an increase properly supported by substantiating evidence and within a reasonable time shall:
- (a) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance expenses over which the Owner has no effective control, or
 - (b) Deny the increase stating the reasons thereof.
- ~~1416.~~ The Owner shall maintain the premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition.
- ~~1517.~~ The books and accounts of the operations of the property and of the ~~p~~Project shall be kept in accordance with the requirements of HUD.
- ~~1618.~~ Within ninety (90) days following the end of each fiscal year, the Owner shall provide a complete annual financial report based upon an examination of the books and records of the ~~p~~Project prepared in accordance with the requirements of HUD and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
- ~~1719.~~ The Owner further covenants and agrees that if the Owner conveys title to the ~~p~~Project prior to the aforesaid maturity date, the Owner will require the HUD-approved purchaser to assume the obligations of the Owner under this Agreement.
- ~~1820.~~ The ~~Housing~~ Owner shall provide to HUD (or to such third party as HUD may, in its sole discretion, determine to have the monitoring function under this Agreement), promptly following receipt of a written request from HUD (or from such third party), copies of all Tenant certifications of income, re-certifications, calculations of permitted income ranges regarding the Housing Project, and such other documents as may be reasonably required to evaluate the ~~Housing~~ Owner's compliance with the terms of this Agreement. In addition, the ~~Housing~~ Owner shall permit representatives of HUD (or any third party given the monitoring responsibility) following notice from HUD (or from the third party), to examine the originals of all such documents, at the Housing Project's office during regular business hours.

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1921. The ~~Housing~~ Owner must certify annually by ~~June 1st~~ ^{July} of each year, to the local HUD field office, or such other location as determined by HUD, that it is operating the Project in compliance with this Agreement and, more specifically, that all of the individual units, as well as the physical structure of the ~~p~~Project as a whole, for example grounds and equipment, comply with all applicable codes and requirement of this Agreement or that a remedial program to correct any existing deficiencies has been implemented.

2022. Should any of the above covenants be held invalid in whole or in part, it shall not affect or invalidate the balance of such covenant or any other covenants.

~~NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties hereto agree as follows:~~

In witness whereof, the parties hereto have hereunto caused these presents to be executed on their behalf and their seals affixed the day and year written below.

**MOUNT ZION HOUSING AUTHORITY OF
HAMMOND, INC., an Indiana
not-for-profit corporation**

By: *Rev. John H. Parrish*
Reverend John H. Parrish, President

**SECRETARY OF HOUSING AND URBAN
DEVELOPMENT ACTING BY AND THROUGH THE
ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER**

By: *Julian R. Mitchell*
(Authorized Agent)



STATE OF Indiana)
) SS:
COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared Reverend John H. Parrish, the President of Mount Zion Housing Authority of Hammond, Inc., an Indiana not-for-profit corporation, who, after having been duly sworn, acknowledged the execution of the foregoing Use Agreement for and on behalf of Mount Zion Housing Authority of Hammond, Inc.

WITNESS my hand and Notarial Seal this 6th day of July 2007.

Audra Perry
(Audra Perry) Notary Public

My Commission Expires:
July 24, 2008

My County of Residence:
Marion

STATE OF Indiana)
) SS:
COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared, Eileen B. Mitchell, who, after having been duly sworn, acknowledged the execution of the foregoing Use Agreement and did state that he/she is the Director of the Indiana office of the U.S. Department of Housing and Urban Development and is authorized to execute this Regulatory Agreement.

WITNESS, my hand and Notarial Seal this 6 day of July 2007.

Prma Jean O'Connor
) Notary Public

My Commission Expires:
4-22-2015

My County of Residence is:
Marion

This instrument prepared by (and after recording should be returned to) John W. Hamilton, Attorney-at-Law, Wooden & McLaughlin LLP, One Indiana Square, Suite 1800, Indianapolis, Indiana 46204-4208.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law [John W. Hamilton].

EXHIBIT "A"

Parcel 1:

Part of the Southwest Quarter of the fractional Southwest Quarter of Section 6, Township 36 North, Range 9 West of the Second Principal Meridian, in the City of Hammond, Lake County, Indiana; Commencing at a point 30 feet West and 180 feet South of the Northeast corner of said tract; thence Westerly on a line parallel to and 180 feet distant from the North line of said tract, a distance of 145 feet, thence Southerly on a line parallel to and 175 feet distant from the East line of said tract, a distance of 122.54 feet to the point where said line intersects the Northeastly line of the Chicago and Erie Standard Steel Company Right of Way; thence Southeasterly on said right of way line, a distance of 235.42 feet to a point where said right of way line intersects a line parallel to and 30 feet distant from the East line of said tract; thence Northerly on a line parallel to and 30 feet distant from said East line, a distance of 311.71 feet to the place of beginning.

Parcel 2:

The East 80 feet of the North 130 feet of the Southwest Quarter of the Southwest Quarter of Section 6, Township 36 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, except the 30 feet off the entire North and East sides thereof.

Parcel 3:

Part of the Southwest Quarter of the Southwest Quarter of Section 6, Township 36 North, Range 9 West of the Second Principal Meridian, in the City of Hammond, Lake County, Indiana, described as follows: Commencing at a point on the South line of Kenwood Avenue which is 30 feet South and 80 feet West of the Northeast corner of the Southwest Quarter of the Southwest Quarter of said Section 6; thence West, on the South line of Kenwood Avenue, 304 feet, more or less, to the Northeastly line of the Chicago and Erie Railroad's Standard Steel Right-of-way; thence Southeasterly, along said Right-of-way line, 339.4 feet, more or less, to a point where said Right-of-way line intersects a line parallel with and 175 feet distant from the East line of said Southwest Quarter of the Southwest Quarter of said Section 6; thence North, on a line parallel with and 175 feet distant from said East line, 122.54 feet; thence East 145 feet to the West line of Tapper Avenue; thence North, on said West line of Tapper Avenue, 50 feet; thence West 50 feet; thence North 100 feet to the place of beginning.

Parcel 4:

All that parcel of land situated in the City of Hammond, County of Lake, State of Indiana, being more particularly described as follows: Commencing at the intersection of the North line of a 100 foot, more or less, right of way of the Erie Lackawanna Railway Company and the center line of Kenwood Avenue, the true Place of Beginning; thence Southeast along said North Right-of-way line a distance 700 feet, more or less, to a point; thence Northeast and at right angles a distance of 100 feet, more or less, to a point; thence Northwest a distance of 630 feet, more or less, to a point in the centerline of Kenwood Avenue; thence Southwest along said centerline a distance of 124.22 feet, more or less, the true Place of Beginning, all in Section 6, Township 36 North, Range 9 West of the Second Principal Meridian, excepting the following described real estate:

A parcel of land in the Southwest Quarter of Section 6, Township 36 North, Range 9 West of the Second Principal Meridian, Lake County, Indiana described as follows: Commencing at the Southeast corner of said Southwest Quarter; thence 88 degrees 41 minutes 26 seconds West along the South line of said Southwest Quarter, 372.6 feet; thence North 01 degrees 18 minutes 34 seconds West, 30 feet; thence South 88 degrees 41 minutes 26 seconds West, 256.38 feet; thence North 00 degrees 00 minutes 49 seconds East along the Southerly extension of the East line of Lot "C" in Krapec Addition to the City of Hammond, 271.85 feet, to the South right of way of 164th Place; thence South 88 degrees 49 minutes 47 seconds West, 60.00 feet; thence North 00 degrees 00 minutes 49 seconds East, 185.13 feet to the South line of a 20 foot alley in Larned's Addition to Hammond; thence South 88 degrees 49 minutes 47 seconds West along said South line 399.61 feet to the Southwesterly right of way line of Tapper Avenue; thence North 37 degrees 38 minutes 01 seconds West along said Southwesterly line 407.57 feet to the Point of Beginning; thence South 54 degrees 27 minutes 45 seconds West, 100.07 feet; thence North 37 degrees 38 minutes 01 seconds West, 50.22 feet; thence North 80 degrees 40 minutes 59 seconds East, 113.59 feet to the Point of Beginning.