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DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (the "Declaration") is made and entered into as of this 18 day of August, 2011 by and between **THE HOUSING AUTHORITY OF THE CITY OF HAMMOND OF LAKE COUNTY, INDIANA** (the "Authority"), a public body corporate and politic, organized and existing under the laws of Indiana, and **AMERICAN HEARTLAND HOMES TWO LLC** (the "Owner"), an Indiana limited liability company, for the benefit of the **UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT** ("HUD").

WHEREAS, pursuant to the U.S. Housing Act of 1937, as amended, and any successor legislation (the "Act") the Authority and HUD have entered into a Consolidated Annual Contributions Contract ("ACC") number: C-918, dated February 16, 1996, as the same may be amended from time to time, which provides for grants and annual contributions to be made by HUD to assist the Authority in developing, maintaining, and operating its public housing units in accordance with all applicable public housing requirements (as further defined below); and

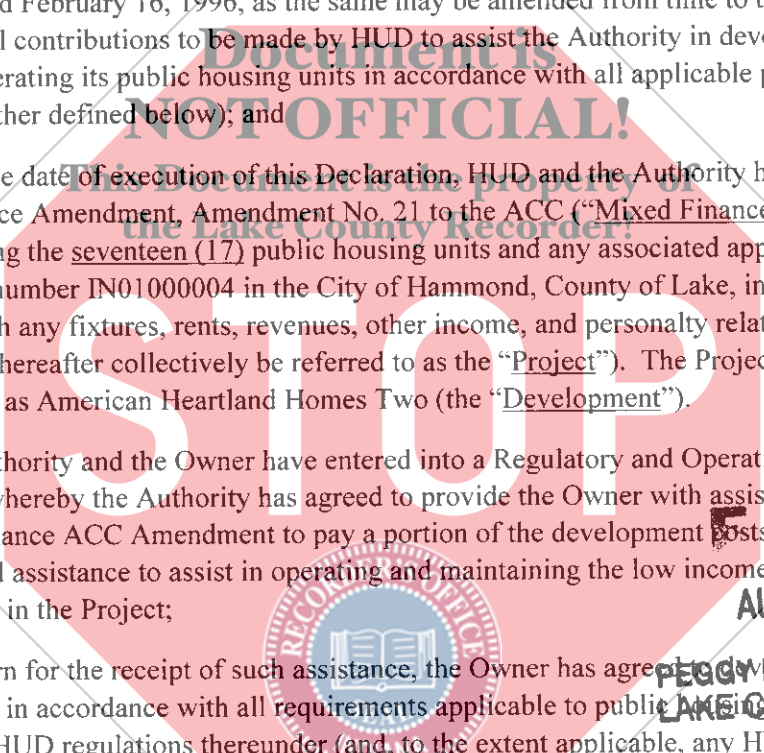
WHEREAS, as of the date of execution of this Declaration, HUD and the Authority have entered into a certain Mixed Finance Amendment, Amendment No. 21 to the ACC ("Mixed Finance ACC Amendment"), adding the seventeen (17) public housing units and any associated appurtenances to the ACC under project number IN01000004 in the City of Hammond, County of Lake, in the State of Indiana (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the "Project"). The Project is part of a larger development known as American Heartland Homes Two (the "Development").

WHEREAS, the Authority and the Owner have entered into a Regulatory and Operating Agreement, and other Agreements, whereby the Authority has agreed to provide the Owner with assistance obtained under the Mixed Finance ACC Amendment to pay a portion of the development costs of the Project, and with Operating Fund assistance to assist in operating and maintaining the low income character of the public housing units in the Project;

WHEREAS, in return for the receipt of such assistance, the Owner has agreed to maintain the Project in accordance with all requirements applicable to public housing units, without limitation, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the Mixed Finance ACC Amendment, the HOPE VI Grant Agreement (if applicable), this Declaration, and all pertinent Federal statutory, executive order, and regulatory requirements, as those requirements may be amended from time to time (all such requirements hereafter collectively referred to as the "Applicable Public Housing Requirements");

MERIDIAN TITLE CORPORATION
HAS MADE AN ACCOMODATION
RECORDING OF THIS DOCUMENT

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PEGGY HOLINGA KATONA
LAKE COUNTY AUDITOR

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WHEREAS, as of the date of execution of this Declaration, title to the Development is held by the Owner.

NOW, THEREFORE, to assure HUD of the performance by the Authority and the Owner, and any successors in interest to the Authority and Owner, of the Applicable Public Housing Requirements in connection with the development, operation and maintenance of the Project for the term of the low income use restrictions, the parties hereby acknowledge and agree:

1. The Owner does hereby acknowledge and declare that it is possessed of and holds title to the Development consisting of the real property situated in the City of Hammond, County of Lake, in the State of Indiana, as more fully described in Exhibit A to this Declaration, and which is made a part hereof;
2. The Owner does hereby acknowledge and declare that it is possessed of and holds title to that portion of the Development comprising the Project in trust for the benefit of HUD, for the purposes hereinafter stated;
3. The Owner and Authority hereby declare and acknowledge that during the existence of the trust hereby created, the restrictive covenants set forth in this Declaration shall be, and are, covenants running with the Development for the period of the low income use restrictions, and are binding upon the Owner and the Authority, and their successors and assigns, for such term;
4. The Authority shall cause the Owner to, and the Owner shall develop the Project in compliance with the Applicable Public Housing Requirements, and shall thereafter operate and maintain the Project in compliance with the Applicable Public Housing Requirements for a 40-year period that begins on the date on which the Project (or stage of the Project) becomes available for occupancy, or for such other period as may be required by law. Such 40-year period shall be extended for 10 years after the end of the last PHA fiscal year for which Operating Fund assistance is provided by the Authority on behalf of the Project, or as may be otherwise required by law.
5. The Owner shall remain seized of title to the Development and shall refrain from transferring, conveying, assigning, leasing, mortgaging, pledging, or otherwise encumbering or permitting or suffering any transfer of any kind of the Project, or any part thereof, or any rent, revenues, income, or receipts of the Project in connection therewith, or any of the benefits or contributions granted to it by or pursuant to the ACC, as amended, or any interest in any of the same, except to the extent approved in writing by HUD, as otherwise authorized by the ACC, as amended, or as authorized below:
 - A. Deeds of trust and financing arrangements approved in writing by HUD under the terms of the Mixed Finance ACC Amendment, and transfer of the Development to the beneficiary under any such approved loans, by foreclosure or deed-in-lieu of foreclosure, or to a third-party purchaser at a foreclosure sale, provided that any such transfer shall be subject to the terms of this Declaration;
 - B. Dwelling leases with eligible families in the Project;
 - C. Conveyance or dedication of land for use as streets, alleys, or other public rights-of-way, and grants and easements for the establishment, operation, and maintenance of public utilities; and
 - D. Normal uses associated with the operation of the Project, to the extent authorized by the ACC.

6. (A) No transfer, conveyance, or assignment shall be made without the prior written approval of HUD of: (i) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a "Controlling Interest") of the Owner; or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Owner; or (iii) prior to the payment in full of all equity contributions described in the approved evidentiary documents listed in the Mixed Finance ACC Amendment, any other interest in the Owner, or in any partner or member thereof.

(B) Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner transfers a non-controlling and non-managing interest in the business organization provided that the Owner: (i) provides HUD with written notice of such transfer; and (ii) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the terms of the HUD-approved organizational documents of the Owner.

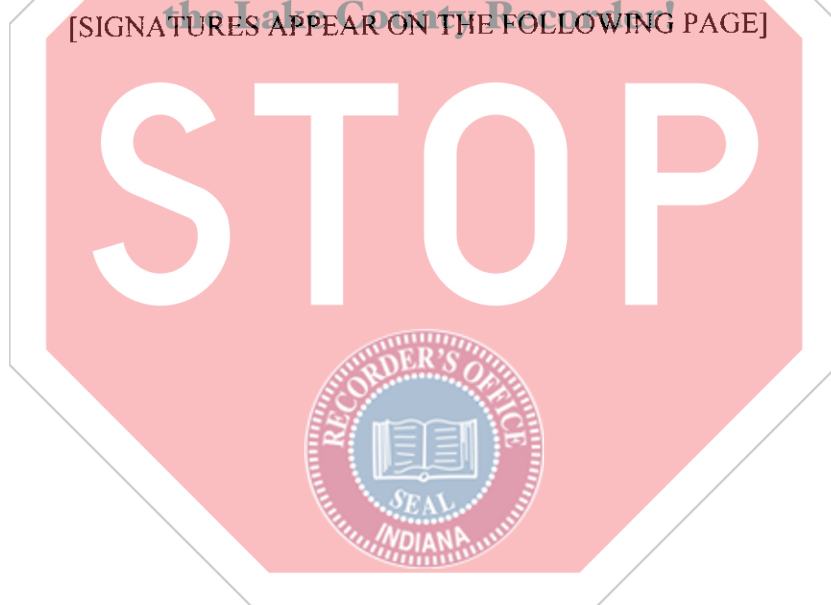
(C) HUD will not unreasonably withhold, delay, or condition a request by the Owner for HUD's consent to an internal reorganization of the corporate or partnership structure of the Owner or any of the partners, members or stockholders of the Owner.

7. This Declaration shall not be amended, modified or released without the prior written consent of HUD.

8. Upon expiration of the period during which the Project is required to be operated and maintained as public housing in accordance with the Applicable Public Housing Requirements, HUD will release this Declaration by an instrument to be recorded in the appropriate land records (the "Release"). The Release shall be prepared by the Owner and recorded at the Owner's expense.

9. The Rider 1 attached hereto is incorporated into and made part of this Declaration.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



IN WITNESS WHEREOF, the Authority and the Owner have caused this Declaration to be executed by their duly authorized officers for proper recording in the public records.

THE HOUSING AUTHORITY OF THE CITY OF
HAMMOND OF LAKE COUNTY, INDIANA

By: Maria C. Becerra
Maria C. Becerra, Executive Director

AMERICAN HEARTLAND HOMES TWO LLC
By: HEH AHH Two Inc., its Managing Member

By: Maria C. Becerra
Maria C. Becerra, President



State of Indiana)
) ss:
County of Lake)

Before me, a Notary Public in and for said County and State, personally appeared Maria C. Becerra, Executive Director of The Housing Authority of the City of Hammond of Lake County, Indiana, who acknowledged execution of the foregoing deed for and on behalf of said Authority.

Witness my hand and notarial seal this 17th day of August, 2011.

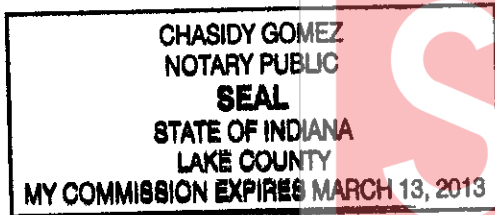


Chasidy Gomez
Signature
Chasidy Gomez
Printed
Notary Public
My Commission Expires: March 13, 2013
My County of Residence: Lake

State of Indiana)
) ss:
County of Lake)

Before me, a Notary Public in and for said County and State, personally appeared Maria C. Becerra, President of HEH AHH Two Inc., the Managing Member of American Heartland Homes Two LLC, who acknowledged execution of the foregoing deed for and on behalf of said corporation acting as managing member of said limited liability company.

Witness my hand and notarial seal this 17th day of August, 2011.



Chasidy Gomez
Signature
Chasidy Gomez
Printed
Notary Public
My Commission Expires: March 13, 2013
My County of Residence: Lake



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 Achatz

This instrument was prepared by:
John Achatz, Esq.
Klein Hornig LLP
145 Tremont Street
Boston, MA 02111



Rider to Declaration of Restrictive Covenants

This Rider to Declaration of Restrictive Covenants is attached to and incorporated into the Declaration of Restrictive Covenants by and between the Housing Authority of the City of Hammond of Lake County, Indiana (Authority) and American Heartland Homes Two LLC (Owner). All capitalized terms shall have the meanings given in said Declaration.

Section 6 of the Declaration is hereby replaced in its entirety with the following provision:

- (A) No transfer, conveyance, or assignment shall be made without the prior written approval of both the Authority and, if required by the then-current Applicable Public Housing Requirements, HUD of: (1) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a **Controlling Interest**) of Owner; or (2) a Controlling Interest in any entity which has a Controlling Interest in Owner; or (3) prior to the payment in full of all equity contributions described in the approved evidentiary documents listed in the Mixed-Finance Amendment, any other interest in Owner, or in any partner or member thereof. For purposes of the definition of **Controlling Interest** set forth above and in this Section 6, a "Controlling Interest" shall not include any interest, no matter how large, of a limited partner in a limited partnership or of a limited liability company member that is not a manager or managing member of such limited liability company.
- (B) Notwithstanding the foregoing, the consent of the Authority and HUD shall not be required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner transfers a non-controlling and non-managing interest in the business organization, provided that the Owner: (a) provides the Authority and HUD with written notice of such transfer; and (b) certifies to the Authority and HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the terms of the HUD-approved organizational documents of the Owner.
- (C) Notwithstanding the foregoing, the Authority and HUD consent shall not be required for the exercise by TRGHT, Inc., a Delaware corporation, as the Investor Member of Owner, and its successors and assigns in such capacity (the "Investor"), of its right pursuant to Section 8.13 of the Owner's Operating Agreement to remove the managing member of Owner and appoint Investor or an affiliate thereof as interim managing member of Owner so long as Investor gives prompt written notice to HUD of such removal and appointment; provided that the HUD consent shall be required for the appointment of such interim managing member to extend beyond a ninety (90) day period and for the appointment of any entity (including Investor or an affiliate thereof) as the permanent replacement managing member.
- (D) The Authority agrees that it shall not, and shall not cause HUD to, unreasonably withhold, delay, or condition a request by Owner for consent by the Authority, HUD, or both hereunder, as applicable, to an internal reorganization of the company structure of Owner or any of the members of Owner.
- (E) The consent of the Authority and HUD shall not be required for any exercise by Investor of its right to enforce the requirements of Section 5.05 (Repurchase Requirements) of the Owner's Operating Agreement; provided that the resale of the Investor's interest by the entity that

acquired it pursuant to such repurchase requirements shall be subject to the approval of the Authority and HUD, such approval not to be unreasonably withheld, delayed or conditioned.

- (F) Notwithstanding the foregoing, the consent of HUD shall not be required for the collateral assignment and pledge by HEH AHH Two Inc. (“Managing Member”) of its interest to Citibank N.A. (“Bridge Lender”) pursuant to that certain Assignment of Equity Interests, Pledge and Security Agreement, dated the approximate even date herewith in favor of Bridge Lender; provided however, that the exclusion of such pledge and collateral assignment from the transfer restrictions contained herein shall not permit the replacement of the Managing member or the admission or substitute managing member without the prior consent of HUD.
- (G) Notwithstanding the foregoing, the consent of the Authority and HUD shall not be required for the transfer by TRGHT, Inc., of its membership interest in Owner to U.S.A. Institutional Tax Credit Fund LXXXVII, L.P., a Delaware limited partnership, or an affiliate thereof.



Description of Property

Parcel 1

All of Lot 11 in the Columbia Center Unit 4 (a Planned Unit Development) Addition to the City of Hammond, Indiana as recorded in the Lake County Recorder's Office in Plat Book 105 Page 11. Lying in the northwest quarter of the northeast quarter of Section 18, Township 36 North, Range 9 West, of the second principal meridian, in the City of Hammond, Lake County, Indiana, containing 2.811 acres more or less.

Parcel 2

All of Lot 12 in the Columbia Center Unit 5 (a Planned Unit Development) Addition to the City of Hammond, Indiana as recorded in the Lake County Recorder's Office in Plat Book 105 Page 12. Lying in the northwest quarter of the northeast quarter of Section 18, Township 36 North, Range 9 West, of the Second Principal Meridian, in the City of Hammond, Lake County, Indiana. Containing 1.320 acres more or less.

