

**CITY OF EAST CHICAGO DEPARTMENT OF REDEVELOPMENT
LIEN AND RESTRICTIVE COVENANT AGREEMENT FOR
THE HOME INVESTMENT PARTNERSHIP PROGRAM
24 CFR §92.252: RENTAL HOUSING**

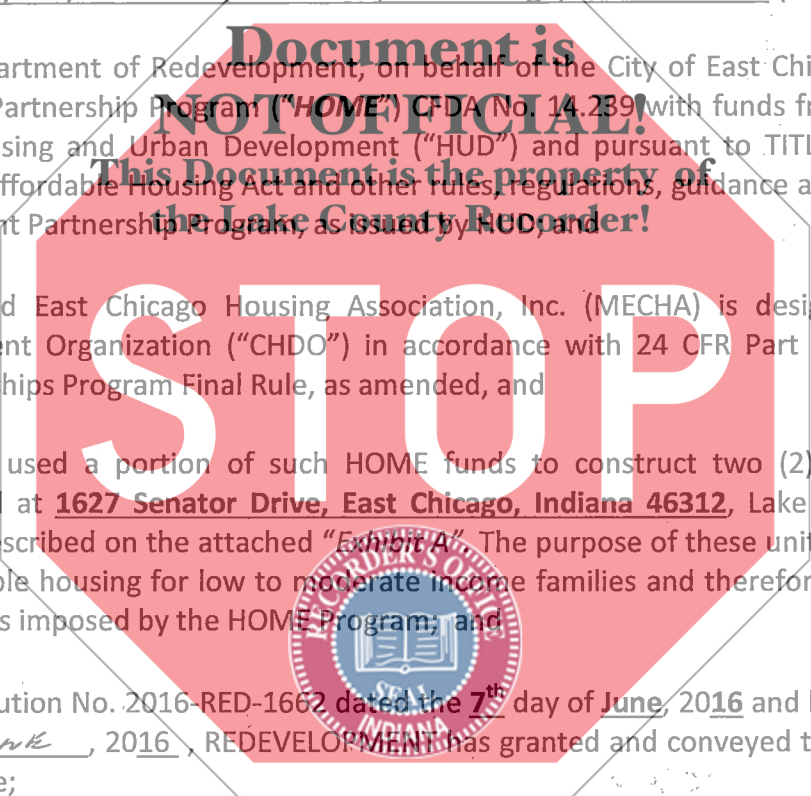
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STATE OF INDIANA
FILED FOR RECORD
MICHAEL BROWN
RECORDER

This Lien and Restrictive Covenant Agreement for the HOME Investments Partnership Program ("Agreement") is made by and between City of East Chicago Department of Redevelopment, 400 E. Chicago Avenue, East Chicago, Indiana 46312 (the "Redevelopment"), the current Owner of certain real estate located at 1627 Senator Drive in East Chicago, Indiana, Lake County, Indiana, more particularly described on "Exhibit A" (the "Real Estate"), and the undersigned, Managed East Chicago Housing Association, Inc., 4920 Larkspur Avenue, East Chicago, Indiana 46312 ("MECHA")

WHEREAS, the Department of Redevelopment, on behalf of the City of East Chicago, administers the HOME Investment Partnership Program ("HOME") CFDA No. 14.239 with funds from the United States Department of Housing and Urban Development ("HUD") and pursuant to TITLE of the Cranston-Gonzalez National Affordable Housing Act and other rules, regulations, guidance and notices relating to the Home Investment Partnership Program, as issued by HUD, and



WHEREAS, Managed East Chicago Housing Association, Inc. (MECHA) is designated a Community Housing Development Organization ("CHDO") in accordance with 24 CFR Part 92.300(a), the HOME Investment Partnerships Program Final Rule, as amended, and

WHEREAS, MECHA used a portion of such HOME funds to construct two (2) housing unit(s) (the "Property"), located at 1627 Senator Drive, East Chicago, Indiana 46312, Lake County, Indiana, and more particularly described on the attached "Exhibit A". The purpose of these units are to create a safe, decent and affordable housing for low to moderate income families and therefore is subject to certain terms and conditions imposed by the HOME Program; and

WHEREAS, by Resolution No. 2016-RED-1662 dated the 7th day of June, 2016 and by the deed dated the day of 13th June, 2016, REDEVELOPMENT has granted and conveyed title to the Property to MECHA in fee simple;

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WHEREAS, the HOME-assisted units in a rental housing project must be occupied by households that are eligible as low- income families and must meet the requirements of 24 CFR §92.252 "Qualification as affordable housing: Rental housing" to qualify as affordable housing. The HOME Program requires that certain use restrictions be imposed upon any real estate benefited by HOME funds awarded to ensure that the benefits of such funds remain with the intended beneficiaries under the HOME Program.

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THEREFORE, it is hereby agreed by and between the parties hereto as follows: JUN 14 2016

I. AFFORDABILITY PERIOD

Specifically, HUD requires that restrictive covenants be placed on the assisted property in the form of deed restrictions, covenants running with the land, or similar mechanisms that remain in effect for the following periods specified below as required by 24 CFR 92.254 ("Affordability Period"):

JOHN E. PETALAS
LAKE COUNTY AUDITOR

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ECR
DW
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Homeownership assistance HOME amount per-unit	Minimum period of Affordability in years
Under \$15,000.00	5 years
\$15,000.00 to \$40,000.00	10 years
Over \$40,000 per unit	15 years

(1) This Lien Deed Restriction shall remain in effect for a period of fifteen (15) years commencing on the date of project completion, and will be recorded in the Records of the County of Lake, Indiana, and continuing for a period of Fifteen (15) years, thereafter, unless terminated earlier ("Termination Date") for such period, ("Affordability Requirement Period"). If this Lien Deed Restriction is terminated earlier due to foreclosure or transfer in lieu of foreclosure, Redevelopment may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

(2) During the Affordability Requirement Period, the Property shall be available for initial and subsequent rental at an "affordable rental amount" (as hereinafter defined) only to a family whose annual incomes do not exceed 60 percent of the median family income for the area, as determined and made available by the U.S. Department of Housing and Urban Development ("HUD") with adjustments for smaller and larger families (except that HUD may establish income ceilings higher or lower than 60 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction cost or fair market rent, or unusually high or low family income) at the time of occupancy or at the time funds are invested, whichever is later. An "affordable rental amount" is one where the rent does not exceed thirty percent (30%) of the family's adjusted income. For property which the tenant is paying utilities and services, the rental amount must not exceed the maximum rent minus the monthly allowances for utilities and services.

II. SUBSEQUENT RENTS DURING THE AFFORDABILITY PERIOD.

(1) The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to REDEVELOPMENT. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.

(2) REDEVELOPMENT will provide project owners with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits in paragraph (B)(1) of this section) in accordance with the written agreement between REDEVELOPMENT and MECHA. MECHA must annually provide REDEVELOPMENT with information on rents and occupancy of HOME-assisted units to demonstrate compliance with this section. REDEVELOPMENT must review rents for compliance and approve or disapprove them every year.

(3) Any increase in rents for HOME-assisted units is subject to the provisions of outstanding leases, and in any event, MECHA must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.

(4) Adjustment of HOME rent limits for an existing project:

- (i) Changes in fair market rents and in median income over time should be sufficient to maintain the financial viability of a project within the HOME rent limits in this section.
- (ii) HUD may adjust the HOME rent limits for a project, only if HUD finds that an adjustment is necessary to support the continued financial viability of the project and only by an amount that HUD determines is necessary to maintain continued financial viability of the project. HUD expects that this authority will be used sparingly.

III. REVERSIONARY CLAUSE

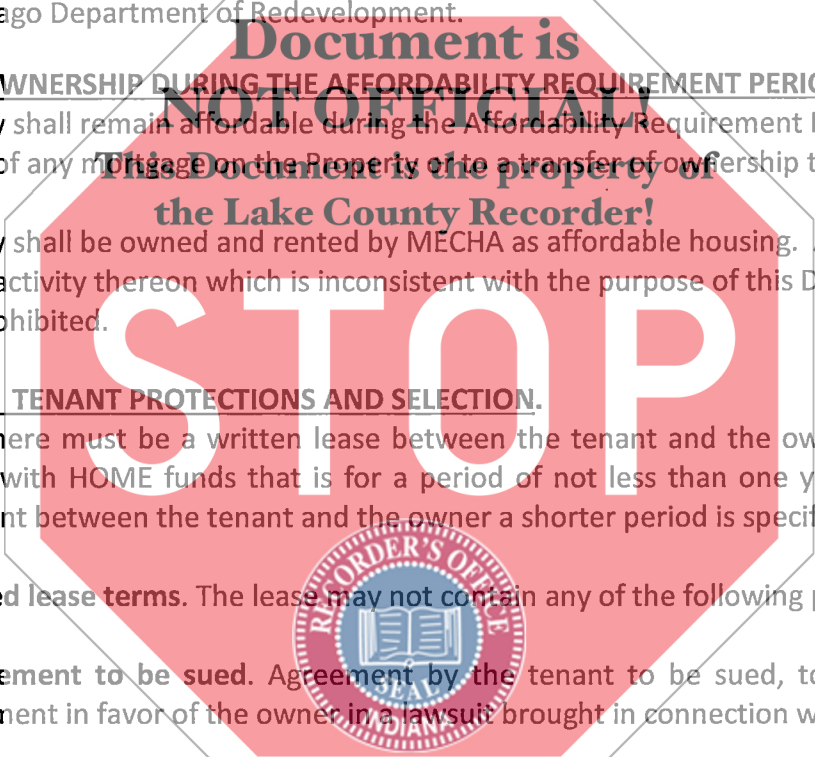
If the Property is no longer used for affordable housing or the project does not result in the completed construction of a two (2) unit housing structure, then the property will revert back to the City of East Chicago Department of Redevelopment.

IV. TRANSFER OF OWNERSHIP DURING THE AFFORDABILITY REQUIREMENT PERIOD

- (1) The Property shall remain affordable during the Affordability Requirement Period without regard to the term of any mortgage on the Property or to a transfer of ownership thereof.
- (2) The Property shall be owned and rented by MECHA as affordable housing. Any use of the Property or activity thereon which is inconsistent with the purpose of this Deed Restriction is expressly prohibited.

V 24 CFR §92.253 TENANT PROTECTIONS AND SELECTION.

- (a) **Lease.** There must be a written lease between the tenant and the owner of rental housing assisted with HOME funds that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified.
- (b) **Prohibited lease terms.** The lease may not contain any of the following provisions:
 - (1) **Agreement to be sued.** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
 - (2) **Treatment of property.** Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;
 - (3) **Excusing owner from responsibility.** Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - (4) **Waiver of notice.** Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;



(5) **Waiver of legal proceedings.** Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(6) **Waiver of a jury trial.** Agreement by the tenant to waive any right to a trial by jury;

(7) **Waiver of right to appeal court decision.** Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;

(8) **Tenant chargeable with cost of legal actions regardless of outcome.** Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and

(9) **Mandatory supportive services.** Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

(c) **Termination of tenancy.** An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds, except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

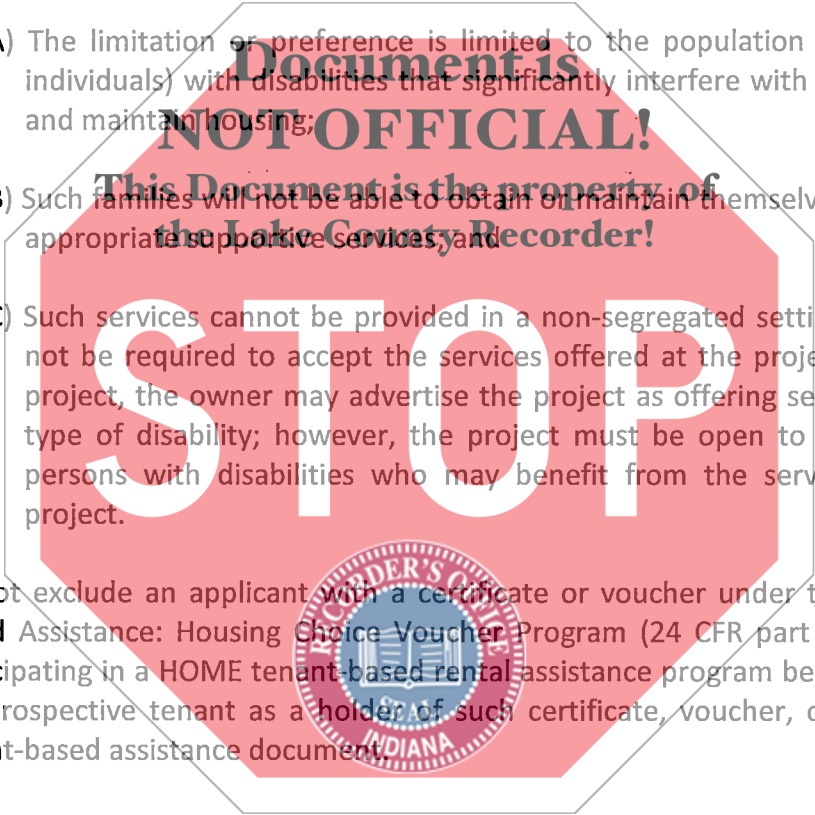
(d) **Tenant selection.** An owner of rental housing assisted with HOME funds must comply with the affirmative marketing requirements established by the participating jurisdiction pursuant to §92.351(a). The owner must adopt and follow written tenant selection policies and criteria that:

(1) Limit the housing to very low- income and low-income families;

(2) Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);

(3) Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the participating jurisdiction (and only if the limitation or preference is described in the participating jurisdiction's consolidated plan).

- (i) Any limitation or preference must not violate nondiscrimination requirements in §92.350. A limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a Federal program that limits eligibility to a particular segment of the population (e.g., the Housing Opportunity for Persons with AIDS program under 24 CFR part 574, the Shelter Plus Care program under 24 CFR part 582, the Supportive Housing program under 24 CFR part 583, supportive housing for the elderly or persons with disabilities under 24 CFR part 891), and the limit or preference is tailored to serve that segment of the population.
- (ii) If a project does not receive funding from a Federal program that limits eligibility to a particular segment of the population, the project may have a limitation or preference for persons with disabilities who need services offered at a project only if:
- (A) The limitation or preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain housing;
- (B) Such families will not be able to obtain or maintain themselves in housing without appropriate supportive services; and
- (C) Such services cannot be provided in a non-segregated setting. The families must not be required to accept the services offered at the project. In advertising the project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible persons with disabilities who may benefit from the services provided in the project.
- (4) Do not exclude an applicant with a certificate or voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher Program (24 CFR part 982) or an applicant participating in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.
- (5) Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
- (6) Give prompt written notification to any rejected applicant of the grounds for any rejection.



This Lien and Restrictive Covenant Agreement is effective as of the ____ day of June, 2016.

VI. TENANT INCOME.

The income of each tenant must be determined initially in accordance with 24 CFR §92.203(a)(1)(i). In addition, each year during the period of affordability MECHA must re-examine each tenant's annual income in accordance with one of the options in 24 CFR §92.203 selected by the

REDEVELOPMENT. An owner of a multifamily project with an affordability period of 10 years or more who re-examines tenant's annual income through a statement and certification in accordance with §92.203(a)(1)(ii), must examine the income of each tenant, in accordance with §92.203(a)(1)(i), every sixth year of the affordability period. Otherwise, an owner who accepts the tenant's statement and certification in accordance with §92.203(a)(1)(ii) is not required to examine the income of tenants in multifamily or single-family projects unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

VII. OVER-INCOME TENANTS.

- (1) HOME-assisted units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected.
- (2) Tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income, except that tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by section 42. In addition, in projects in which the Home units are designated as floating pursuant to paragraph (3) of this section, tenants who no longer qualify as low-income are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood.
- (3) Fixed and floating HOME units. In a project containing HOME-assisted and other units, REDEVELOPMENT may designate fixed or floating HOME units. This designation must be made at the time of project commitment in the written agreement between REDEVELOPMENT and MECHA, and the HOME units must be identified not later than the time of initial unit occupancy. Fixed units remain the same throughout the period of affordability. Floating units are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted unit.

IN WITNESS WHEREOF, the Owner and Grantee have caused this Agreement to be signed by duly authorized representatives, on the day and year first written above.

MANAGED EAST CHICAGO HOUSING ASSOCIATION, INC.:

By: Tia Cauley
Printed: Tia Cauley Secretary

STATE OF INDIANA)
COUNTY OF Lake) SS:

Before me, a Notary Public, in and for said County and State, personally appeared, Tia Cauley, who acknowledged that the foregoing Lien and Restrictive Covenant Agreement for the HOME INVESTMENT PARTNERSHIPS PROGRAM was executed in such capacity as its voluntary act and deed and that the foregoing representations are true and correct.

WITNESS my hand and seal this 9th day of June, 2016.



Rita M. De La Rosa
A Resident of Lake County, Indiana

My Commission Expires: May 14, 2017

CITY OF EAST CHICAGO DEPARTMENT OF REDEVELOPMENT:

By: Frank Rivera
Printed: Frank Rivera, Executive Director

STATE OF INDIANA)
COUNTY OF Lake) SS:

Before me, a Notary Public, in and for said County and State, personally appeared, Frank Rivera, who acknowledged that the foregoing Lien and Restrictive Covenant Agreement for the HOME INVESTMENT PARTNERSHIPS PROGRAM was executed in such capacity as its voluntary act and deed and that the foregoing representations are true and correct.

WITNESS my hand and seal this 9th day of June, 2016.



Rita M. De La Rosa
A Resident of Lake County, Indiana

My Commission Expires: May 14, 2017

I affirm, under the penalties of perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law, /s/ Lyvette E. Turk

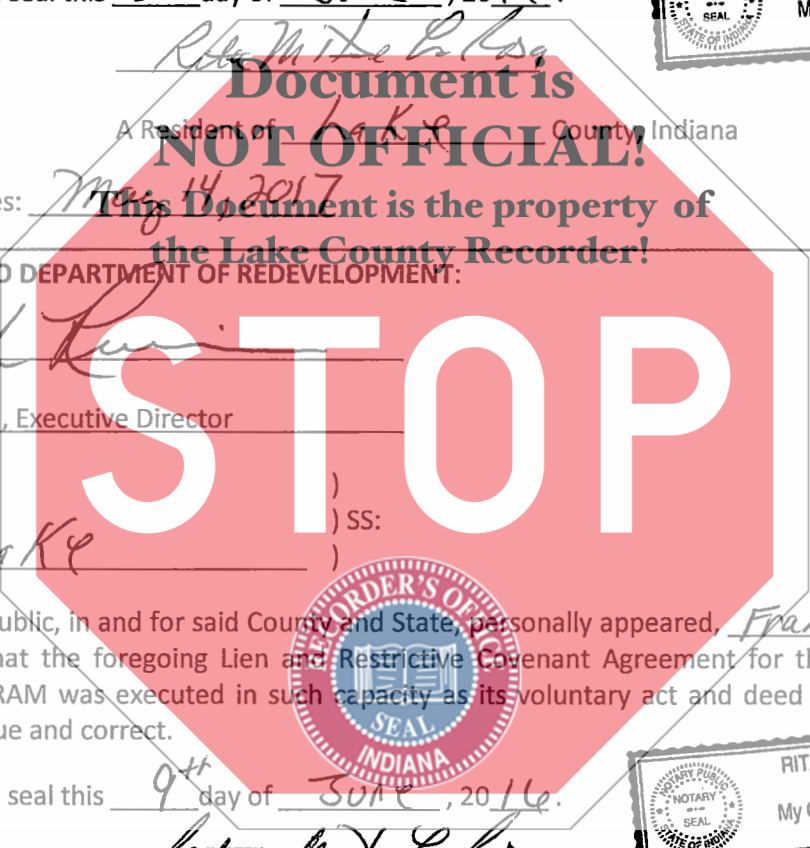


EXHIBIT A

LEGAL DESCRIPTION

Lot 42, Washington Square Phase Two, and Addition to the City of East Chicago as per plat thereof recorded in Plat Book 105, page 87 in the Office of the Recorder of Lake County, Indiana.

Address is Commonly Known As: 1627 Senator Drive, East Chicago, Indiana 46312.

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1627 SENATOR DRIVE
EAST CHICAGO, IN 46312

