HOUSING DEVELOPMENT FUND GRANT AGREEMENT

Grant #HDF-405

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
735 East Michigan Avenue, Lansing, Michigan 48912

THIS GRANT AGREEMENT made and entered into as of June 23, 2021, by and between Dwelling Place of Grand Rapids Nonprofit Housing Corporation, a Michigan nonprofit corporation, whose address is 101 Sheldon SE, Suite 2, Grand Rapids, Michigan 49503 (the "Grantee"), and the Michigan State Housing Development Authority, a public body corporate and politic of the State of Michigan, whose address is 735 East Michigan Avenue, Lansing, Michigan 48912 ("the Authority").

RECRITALS:

A. Section 23 of Public Act 346 of 1966, as amended (the "Act"), creates and establishes a housing development fund under the jurisdiction and control of the Authority, and further provides that the Authority may use the monies held in the housing development fund to make grants to local communities, as defined by the Authority in rules promulgated under the Act, or to public or private nonprofit organizations or local governmental agencies organized to provide assistance to persons and families of low or moderate income, in any amounts as the Authority determines, not to exceed the net costs, exclusive of any federal aid or assistance, incurred by the recipient in planning for or implementing housing assistance or community or housing development.

B. The Grantee has represented to the Authority that it fully intends to undertake or continue a program planning for or implementing housing assistance or community or housing development.

C. The Housing Development Fund Grant, HDF-405, in an amount not to exceed Seventy-Five Thousand One Hundred Twenty-Five Dollars ($75,125) (the "Grant") is for a program more specifically described in Exhibit A attached hereto (the "Program").

D. The Authority, as a public body, is charged with the responsibility of regulating the use of funds advanced by it to assure that such funds are being used for purposes and in a manner that are in accordance with the Act and the Authority's General Rules.

E. The Authority has agreed to make the Grant to the Grantee on the condition that the Grantee agrees to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of and as a condition to receiving the Grant, the Grantee agrees that:

1. The terms and conditions set forth herein are a reasonable and appropriate means to assure the use of funds in accordance with the Act and the Authority's General Rules, and the Resolutions.

2. All aspects of the Grantee's plan for the use of the Grant are specifically described in the Program attached hereto as Exhibit A, which Program is incorporated herein, and the
Grantee will operate the Program as described in Exhibit A.

3. All actions of the Grantee and requirements of the Grantee's Program are subject to the terms of this Agreement, the provisions of the Act and the Rules of the Authority, being R 125.101, et seq.

4. The activities of the Grantee will be subject to the review of and, in the discretion of the Authority, audit by Authority staff to ensure compliance with this Agreement, the Act and the Authority's Rules, and the Grantee will provide any books, records or documents in such form and at such place as the Authority may request.

5. The Grantee agrees to draw down Grant proceeds only when and in such amounts as may be necessary to pay for the activities described in Exhibit A.

6. All requests for the disbursement of Grant proceeds shall be submitted to the Executive Director of the Authority or his designee, shall be made in writing, and shall include the amount of Grant proceeds to be disbursed, a description of the purposes for which the proceeds are to be used, copies of invoices, billings, or such other documentation as may be necessary to demonstrate project costs, and such other information as the Executive Director or his designee may request.

7. If an advance or a portion of the Grant for a specific purpose is not used for that purpose due to conditions that make it impossible to use as provided herein, or if the Grantee decides not to use the money, upon such decision, the sum shall be returned to the Authority immediately.

8. If any of the Grant proceeds are to be used for the construction or rehabilitation of housing, then:
   a. prior to disbursement of funds, the Grantee shall prepare and submit to the Authority a detailed budget of the work to be done, including the cost per unit to be constructed or rehabilitated;
   b. all housing units constructed or rehabilitated under the Grant will meet all local codes and will be maintained in good repair; and
   c. all housing units constructed or rehabilitated under the Grant shall be affordable to persons whose incomes do not exceed 60 percent of the area median income, adjusted for family size for the area in which each unit will be located.

9. The Grantee agrees that all activities that are assisted by the use of Grant proceeds and the selection of persons for participation in the Program shall not discriminate against any person on the grounds of race, color, religion, national origin, height, weight, sex, age (except for a Development specifically designed for elderly occupants), national origin, handicap, marital or familial status, gender identity or expression, or a disability or genetic information; or request or maintain records regarding arrest, except as provided by law. The Grantee shall comply with all requirements imposed by the Fair Housing Act (42 U.S.C. 3601-19), Title VI of the of the Civil Rights Act of 1964 (42 U.S.C. 2000(d)), Title VIII of the Civil Rights Act of 1968 (as amended by the Fair Housing Amendments Act of 1988), the Age Discrimination Act of 1975 (42 U.S.C. 6101-07), the Americans with Disabilities Act, the Elliott-Larsen Civil Rights Act, and the Michigan Persons with Disabilities Civil Rights Act.
10. The Grantee assumes responsibility for any and all costs to implement the Grantee's Program exceeding the amount of the Grant.

11. In the event of a violation of any of the provisions of this Agreement, the Authority will notify the Grantee in writing of the violation and the Grantee will have a 30-day period in which to correct the violation. In the event the violation is not corrected to the satisfaction of the Authority within the time prescribed herein, the Authority may:

a. immediately terminate the Grant, without further notice, in a writing signed by the Authority's Executive Director; and

b. pursue any other remedy provided at law or in the Act.

The Grantee hereby agrees that an election by the Authority to pursue any one remedy shall not be construed to preclude or be a waiver of the right to pursue any other remedy available to it.

12. The term of this Agreement shall commence on June 23, 2021 and shall terminate, unless extended by the Authority, on June 24, 2022.

13. If any advance or portion of Grant funds used for the specific purpose assented to within this Agreement is not used for that specific purpose, the Grantee will reimburse the Authority for the full amount of the advance (or portion) not used for the specific purpose. Grant proceeds that have not been used for Grant purposes by June 24, 2022 will, within 30 days, be returned to the Authority.

14. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portion hereof.

15. This Agreement may be signed in several counterparts and all so executed shall constitute one agreement, binding on all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year shown above.

Dwelling Place of Grand Rapids Nonprofit Housing Corporation, a Michigan Nonprofit Corporation

By: ________________________________  Date: 6/24/21
Dennis Sturtevant  Its: CEO

Michigan State Housing Development Authority

By: ________________________________  Date: 6/24/21
Gary Heidel  Its: Acting Executive Director
Exhibit A

Housing Development Fund Grant Agreement, HDF-405

Dwelling Place of Grand Rapids Nonprofit Housing Corporation (DPGR) will use grant funds for the filing and legal fees to obtain a Private Letter Ruling (PLR) from the Internal Revenue Service (IRS) indicating that the Authority is permitted under the Internal Revenue Code to release units encumbered by Low Income Housing Tax Credit (LIHTC) Regulatory Agreements for sale to purchasers with incomes between 60% Area Median Income (AMI) and 80% AMI. DPGR has created an affiliate entity, Dwelling Place Regional Community Land Trust (DPCLT) to serve as a Community Land Trust (CLT) in Grand Rapids, MI. A CLT, in its most common form sells a home to a purchaser at a below-market price (75% or less of the appraised value of the house and land is what is planned) and leases the land on which the home sits to the purchaser. The lease is long-term (in this case, 89 years) and contains a number of restrictions on resale of the home. DPCLT can enforce those restrictions through its control of the ground lease.

As part of the lease, DPCLT has a right of first refusal to buy the property at a stated price of the original appraised value of the property plus 25% of the appreciation. In addition, even if DPCLT does not exercise its right of first refusal, the homeowner is limited to selling the property to a lower income family and is limited to selling for the same price as DPCLT would have purchased the home for. DPCLT expects that in most cases, it will exercise its right to purchase, and will resell the home to lower-income individuals and families for 75% of the then-appraised value. In either case, DPCLT will enter into a new ground lease with the new residents.

DPGR currently has a sizable inventory of rental properties, many of which could be converted to CLT units. Some of those properties were 9% LIHTC developments and are currently in their extended use period. Subsection 42(i)(7)(A) of the Internal Revenue Code clearly contemplates the possibility that LIHTC rental units can be sold to individual purchasers during the extended use period. However, it provides very little guidance as to the parameters for such sales. In general, DPCLT has focused its plans on selling the rental units to households who are current renters, all of whom had incomes under 60% AMI when they moved in, although a number now have incomes that are above 60% AMI.

In some cases, where current occupants still have incomes under 60% AMI the units may not be affordable to families even if the units are sold for 75% of their appraised value. As units are vacated DPGR would like to include potential buyers with incomes as high as 80% AMI as these families are still low income but have a much better chance to qualify for a CLT mortgage. If the IRS issues the PLR, DPGR expects to be able to sell the majority of the 22 units in their Grandville Apartments and New Hope Homes developments located in Grand Rapids, MI (the two developments presently affected by this issue) to eligible purchasers within three years. DPGR/DPCLT does not intend to require tenants to move if they do not plan to purchase their units, so some units may not be available to sell for some period of time. With down payment assistance, DPCLT hopes to assist some of the current renters with incomes below 60% AMI if they can otherwise qualify for a lower CLT mortgage.

Other rental households, whose income is presently higher than 60% AMI may qualify for a CLT mortgage with less assistance. "Affordable" in this context, means that homes in the LIHTC extended use period will be sold to current LIHTC rental households or to other households with incomes at or below 80% AMI who are able to qualify for a CLT mortgage with a participating
lender, including principal, interest, taxes, insurance and HOA fees, if applicable. Because the
sale price of all homes will be discounted to 75% of the appraised values or lower, CLT buyers
will not need mortgage insurance. This could be beneficial to low-income households. If the IRS
guidance provided in a PLR increases the number of low-income households who could benefit
from LIHTC conversion in DPGR properties, the same could hold true for thousands of other
LIHTC units across the state of Michigan. This form of homeownership could possibly increase
the potential for a large number of low-income households to build equity and wealth.

The outcome is obtaining a positive PLR that will allow all the 22 units in Grandville Apartments
and New Hope Homes to be incorporated in the CLT. The guidance offered in the PLR could
also make it easier for the Authority to grant approvals for similar rental conversion requests in
the future. A positive PLR resulting in their inclusion in the CLT will also ensure that these units
will remain affordable for low-income individuals and families on a permanent basis, far beyond
the finite remaining extended use periods for the 2 developments. Low-income homebuyers
could benefit from the wealth building opportunity afforded by this rental conversion and other
residents in the neighborhood could benefit from the stability created by increasing the
percentage of homeownership in the neighborhood. Any unit that remains a rental will remain
subject to the LIHTC requirements for the balance of the extended use period or until the current
tenant decides to move.

The specific budget is as follows:

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<tr>
<th>Activity</th>
<th>MSHDA</th>
<th>OTHER</th>
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<tr>
<td>Professional Services &amp; Application Fees</td>
<td>$75,125</td>
<td>$0.00</td>
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<tr>
<td>TOTAL</td>
<td>$75,125</td>
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Dwelling Place of Grand Rapids Nonprofit Housing Corporation will provide written quarterly
progress reports which will give a detailed description of the deliverables, accomplishments, and
related outcomes. Reports should include financial status reports and detailed documentation,
including invoices, itemized receipts, employee time dedicated to professional service delivery,
and other such documentation that the Authority deems necessary to make a reasonable
determination for eligible cost reimbursements in accordance with the Authority's Act and Rules
governing Housing Development Fund grants. Travel, if necessary to the delivery of programming
outlined in the application and grant agreement, shall be reimbursed up to the limits set annually
by the Michigan Department of Technology, Management and Budget. The reports are to be
submitted to Odessa Carson, HDF Grant Program, Michigan State Housing Development
Authority, 735 E. Michigan Avenue, Lansing, MI 48912 on the 15th day of the month following the
end of each calendar quarter. The first report is expected to be received by October 15, 2021.
MSHDA staff will review the progress reports and will advise Dwelling Place of Grand Rapids
Nonprofit Housing Corporation in a timely manner if any problems arise that may affect the terms
of this agreement.
I, Lee Nelson-Weber certify that I am the duly elected, qualified and acting Secretary of Dwelling Place of Grand Rapids Nonprofit Housing Corporation, a Michigan Nonprofit corporation (the “Corporation”), that the Articles of Incorporation submitted to the Michigan State Housing Development Authority (the “Authority”) on July 7, 2021 are a true and correct copy of the Articles of Incorporation of the Corporation as amended through the date hereof and that such Articles of Incorporation remain in full force and effect as of the date hereof.

I further certify that the Certificate of Good Standing and Certified Articles of Incorporation as to the Corporation delivered herewith remain in full force and effect as of the date hereof and that the Corporation is in good standing and is duly qualified and authorized to do business in the State of Michigan.

I further certify that the document submitted to the Authority on July 7, 2021, consisting of ten page(s) is a true and correct copy of the By-Laws of the Corporation, including all amendments thereto through the date hereof and that such By-Laws remain in full force and effect as of the date thereof.

I further certify that the following are duly elected, qualified and acting officers of the Corporation as of the date hereof.

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<tr>
<th>OFFICE</th>
<th>NAME</th>
<th>SIGNATURE</th>
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<tbody>
<tr>
<td>President</td>
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<td>Vice President</td>
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<td>CEO</td>
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I further certify that Juan Daniel Castro, Board Chairperson and Dennis Sturtevant, CEO, and their successors in those roles are authorized to execute on behalf of the Corporation a Grant Agreement and any and all related and incidental documents in connection with a funding award.

I further certify that no litigation of any nature is now pending or threatened either in State or Federal courts in any manner affecting or questioning the power or authority of the Corporation to receive funding from the Michigan State Housing Development Authority and to execute a Grant Agreement and any and all related and incidental documents in connection therewith; and that neither the corporate existence of the Corporation nor the title of the aforesaid present officers of the Corporation to their respective offices is being contested.

The undersigned hereby acknowledges (individually and on behalf of the Corporation), that any false statement or representation made herein (or in any other related document), made with the intent of fraudulently obtaining a grant from the Authority, or securing participation in any program financed by the Authority, constitutes a felony (if the amount obtained exceeds $100.00), punishable by fine imprisonment pursuant to Section 47 of Michigan Public Act No. 346 of 1966, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand and the corporate seal of the Corporation this 30th day of June, 2021.

_____________________________. Secretary

Lee Nelson-Weber
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
735 East Michigan Avenue, PO Box 30044
Lansing, MI 48909

CERTIFIED COPY OF RESOLUTION ADOPTED BY THE
BOARD OF DIRECTORS AND MEMBERS OF

Dwelling Place of Grand Rapids Nonprofit Housing Corporation

HDF- 405

On this 30th day of June, 2021, there has been presented to this meeting of the Board of Directors of this Corporation a proposal to accept from the MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Michigan (the “Authority”), the sum of $75,125 which shall be evidenced and controlled by a Grant Agreement with the Authority, duly executed by this Corporation.

IT IS RESOLVED, by the Board of Directors of Dwelling Place of Grand Rapids Nonprofit Housing Corporation, (the “Corporation”) that the Board of Directors of the Corporation be and they are authorized to accept said funds on behalf of the Corporation.

IT IS FURTHER RESOLVED, by the Board of Directors of the Corporation, that the Board Chairperson and the Chief Executive Officer, or any one of them individually and their successors, be and they are authorized on behalf of the Corporation at any time after adoption of this Resolution and without further action by or at the time after adoption of this Resolution and without further action by or authority or direction from the Board of Directors or Members of the Corporation to accept from the Authority the sum of $75,125, and to execute and deliver to the Authority in such form as may be required by the Authority, the Grant Agreement governing the terms of said funds, future extensions, if any, of said funds, and such other documents as may be required by the Authority.

IT IS FURTHER RESOLVED THAT THE Authority be and it is authorized to rely on the continuing force and effect of this Resolution until receipt by the Executive Director of the Authority at its principal office of notice in writing from the Corporation of any amendments or alterations to this Resolution.

ATTEST:

_________________________________________  ______________________________

                        Lee Nelson-Weber
                                Board Secretary