

Village of Arlington Heights
Multi-Family Affordable Housing
Toolkit
For-Sale Housing

Prepared by:
Department of Planning & Community Development
(847) 368-5200
Email: planningmail@vah.com

Village of Arlington Heights Multi-Family Affordable Housing Toolkit For-Sale Housing

Multi-Family Affordable Housing Policy

The Village of Arlington Heights' Multi-Family Affordable Housing Policy states that:

"It is the policy of the Village of Arlington Heights to promote adequate housing for all the community's people; to create and/or maintain sound viable neighborhoods; to meet the needs for housing by increasing the number of housing units for low and moderate income families and individuals; and to expand housing opportunities for all members of the community."

"Inclusion of housing units to be made available at affordable rates will be included in the review and consideration of new multi-family residential Planned Units Development applications and amendments to existing multi-family Planned Unit Developments, in accordance with the intent, requirements and procedures for Planned Unit Developments, as stipulated in the Village Code, Chapter 28, Section 98." (Policy approved by the Village Board of Trustees on December 7, 1998)

Why

It has been the policy of the Village of Arlington Heights to promote and increase the amount of affordable housing in the Village since 1972 following a joint study on the need for affordable housing by the Village Board and the Village's Plan Commission. This study resulted in the creation of the Village's Housing Commission. This policy has continued including being promulgated within the current Village Board's list of top 11 goals. This current Village Board goal is to "**Continue to Explore and Encourage Affordable Private Housing.**"

In 2003, the State of Illinois enacted the Affordable Housing Planning and Appeals Act (P.A. 93-0595). Under this law, it is required that the housing stock of Illinois communities subject to the law be composed of a minimum of 10% affordable housing units. In 2004, according to the Illinois Housing Development Authority (IHDA) calculation, based on 2000 Census data, 15.9% of the Village of Arlington Heights' housing stock was determined to be affordable based on the definition of affordable contained in the Act. In 2013, IHDA's calculation of the percentage of affordable housing in Arlington Heights was 13.1%.

It is important to note that the Village's affordable housing goals and policies pre-dated the enactment of Affordable Housing Planning and Appeal Act. The Act provides a minimum statewide standard. The Village has an interest in continuing to be compliant with the 10% affordability requirement of the Act, but the Village has policies and goals apart from the Act. Further, the Village finds that it will be necessary to create additional affordable housing in order to remain above the 10% threshold.

Implementation of Multi-Family Affordable Housing Policy

In order to implement this Village policy, it is required that all Plan Commission applications for multi-family residential Planned Unit Developments (PUD) and amendments to multi-family Planned Unit Developments contain assessments of the affordability of the proposed development, information concerning the inclusion of affordable units, or other information related to the development's responsiveness to the Village's Multi-Family Affordable Housing Policy.

As a guideline, the suggested rate of inclusion of affordable units in PUDs is as follows with partial units to be rounded up or down to the nearest whole number:

<u>Number of Residential Units in the Project</u>	<u>Percentage of Units to be Affordable</u>
5 or fewer	0%
6 – 25	10%
26 or more	15%

The specific number and percentage of affordable units in a development is contingent upon zoning, site planning, and other considerations at the proposed project site. A recent development that included affordable housing was Timber Court Condominiums with a total of 108 total units of which 21 units (9 two-bedroom and 12 one-bedroom) are deed restricted affordable units.

Timber Court Condominiums
3400, 3410, and 3420
N. Old Arlington Heights Road



The construction of the affordable units is preferred. However, in lieu of providing affordable units as per the Village's guidelines above the suggested payment in lieu of providing the affordable units is \$75,000 per unit with the funds to be used by the Village exclusively to create and/or preserve affordable housing in the Village.

Beneficiaries of Affordable Housing Program

Under the Village of Arlington Heights affordable housing program, for-sale units may be purchased by households with annual incomes at or below 80% of the area median income adjusted for their household size, as determined by the U.S. Department of Housing and Urban Development. The current maximum income levels are as follows:

<u>Household Size</u>	<u>Maximum Annual Incomes (2016)</u>
1	\$43,050
2	\$49,200
3	\$55,350
4	\$61,500
5	\$66,450
6	\$71,350

Initial Sale Prices

Initial affordable sale prices are based on the price affordable to an appropriate size household for the size of the unit. The appropriate size household has been calculated as the number of bedrooms in the unit plus one. For example, a 2-bedroom unit is to be affordable to a household size of 3 persons.

The initial affordable sale price is the price affordable to the appropriate size household at 70% of area median income for the appropriate household size thereby creating a pool of buyers with incomes between

70% and 80% of the maximum income for the household size. The initial sale price is calculated allowing the household to spend 30% of its gross annual income for housing costs. These housing costs include principal and interest (based on an adjusted average 30-year fixed-rate mortgage interest rate), association dues, taxes, insurance, and private mortgage insurance. A 10% down payment by the buyer has been assumed.

In order to calculate the affordable sale price for a specific development, the projected association dues and taxes are needed from the developer. Since this information is only available on a case-by-case basis, the Village is providing an example of the affordable sale prices as calculated for the Timber Court Condominium project on Old Arlington Heights Road. Timber Court Condominium contains only 1 and 2 bedroom units; the initial sale price for the 3-bedroom unit is the sale prices as it would have been calculated had the development contained 3-bedroom units.

<u>Unit Size</u>	<u>2013 Initial Sale Price</u>
1-bedroom	\$131,000
2-bedroom	\$147,350
3-bedroom	\$163,600

The experience at Timber Court Condominiums has been that the 2-bedroom units at the affordable sale price sold quickly. There is significantly more difficulty locating qualified homebuyers for the affordable 1-bedroom units. Therefore, the Village seeks that future affordable units be a minimum of 2-bedrooms in size.

Integration Affordable Housing Units

Affordable housing units are to be dispersed among the market rate units in a development. The exterior appearance of the affordable units shall be same as for the market rate units. The interiors of the affordable housing units are to be of the same standard finishes as the market rate units, unless otherwise approved. Differences between the affordable units and market rate units may not differ with respect to energy efficiency, mechanical equipment and plumbing, insulation, windows, and heating and cooling systems.

Affordability Controls

The affordable units will be kept affordable in perpetuity through the following tools:

- 1) Identification of the affordable units in the Declaration of Condominium;
- 2) Development Agreement; and
- 3) Buyer's Occupancy Restriction and Resale Agreement with Option to Purchase.

Initial sale prices and resale prices will be determined according to the latter two documents and all conditions and requirements in these documents shall apply unless otherwise negotiated on a project-by-project basis.

Attachment A - Affordable Housing Development Agreement

Attachment B - Buyer's Occupancy Restriction and Resale Agreement with Option to Purchase

Attachment C - Affordable Housing Finance and Tax Benefit Tools

Attachment D - Details concerning the Timber Court Condominium Project, Arlington Heights, IL

Contact:
Village of Arlington Heights
Department of Planning & Community Development
33 S. Arlington Heights Road
Arlington Heights, IL 60005
Telephone: (847) 368-5214
Fax: (847) 368-5988
Email: planningmail@vah.com

Date: February 8, 2008
Revised: May 19, 2009
Revised: May 20, 2014
Revised: May 31, 2016
Income guidelines and
sale prices are updated
when the HUD Chicago
area median income
figures are released

Attachment A

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005
Attn: Department of Planning & Community Development

(Space above for Recorder's Use)

ARLINGTON HEIGHTS AFFORDABLE HOUSING AGREEMENT

This AFFORDABLE HOUSING AGREEMENT ("Agreement") is entered into as of this _____ day of _____ 200_, by and between the VILLAGE OF ARLINGTON HEIGHTS, municipal corporation in the State of Illinois (the "Village"), and _____, (the "Developer"), with reference to the following facts:

A. The Village of Arlington Heights seeks to expand the availability of housing opportunities for very low income, low income and moderate-income households in the Village.

B. Developer is the owner of certain real property in the Village of Arlington Heights described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

C. For the purposes of this Agreement, Developer currently intends to construct a total of ___ residential units known as _____ (hereinafter referred to as the "Master Development") on the Property, and has applied for _____ (Ordinance Numbers: _____).

D. Developer intends to address the Village's affordable housing goals by constructing, or causing to be constructed, multi-family, ownership for-sale housing units and by selling them to low/moderate income households at affordable purchase prices.

E. This Agreement shall be executed and recorded against the Property prior to the recordation of the final plat in the case of subdivision of the Property, or final planned unit development, or prior to issuance of building permits for the Property in the case of all other land use permits, whichever is earliest.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

Section 1. Definitions. In addition to those terms defined in the Recitals to this Agreement, the following terms have the following meanings in this Agreement:

- a) "Affordable Unit Property" means the legal parcel(s) of land on which the Affordable Units will be constructed, together with any Affordable Units and appurtenant improvements constructed on such land.
- b) "Approval" means any planned unit development or planned community development approval, subdivision approval, use permit, building permit or combined development permit for a residential development.
- c) "Eligible Buyer" means Low or Moderate Income Household who has been determined by the Village of Arlington Heights to be income and asset eligible to purchase an Affordable Unit.
- d) "Maximum Initial Sales Price" means the \$_____ for a one-bedroom unit \$_____ for a 2-bedroom unit and \$_____ for a 3-bedroom unit for units contracted for sale and closed during the effective period of the _____ HUD Income Limits and prior to the release by HUD of its _____ Income Limits. Upon the release of the _____ HUD Income Limits, the sale prices will be increased by the annual percentage increase in the median household income for a 2-person household with respect to the one-bedroom units, a 3-person household with respect to the two-bedroom units, etc.. For units contracted but not closed prior to HUD's issuance of the _____ Income Limits, the sale price may increase by the amount of the percentage increase in the HUD income limits (for the applicable household size) or a maximum of 3.5%, whichever is lower. The sale prices shall be adjusted each year thereafter on the same basis. Should the developer be unable to sell the units within 90 days of the Village's issuance of Certificates of Occupancy for the units, the developer shall reduce the maximum sale prices.
- e) "Median Income" means the median household income as determined periodically by HUD or replacement federal agency for the Chicago, IL PMSA and updated on an annual basis.
- f) "Moderate Income Household" means a household with an annual income, which does not exceed HUD's annual determination for moderate-income households with incomes of approximately eighty percent (80%) of the Median Income, adjusted for household size, and with household assets which do not exceed the maximum asset limitation for purchasers of affordable units.
- g) "Moderate Income Affordable Unit" means an affordable unit reserved for occupancy by Moderate Income Households at an Affordable sales price.
- h) "Resale Restriction" means a Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase, in the form approved by the Village, to be executed by each buyer of an Affordable Unit and recorded against the Affordable Unit at the time of purchase by the buyer.

Section 2. Satisfaction of Affordable Housing Obligation and Conditions of Approval. The Affordable Housing conditions of the Village Board Approval shall be satisfied with respect to the Property if the following conditions are met: (a) Developer constructs or causes to be constructed the Affordable Units meeting the requirements of Sections 3 through 5

below, in compliance with the schedule set forth in Section 6 below and the Affordable Units are sold to homebuyers in compliance with Sections 7 through 9 below.

Section 3. Number of Affordable Units. As a condition to the satisfaction of Developer's affordable housing requirements for the Planned Unit Development (PUD), Developer shall construct, or cause to be constructed, ___ Affordable Units, of which all ___ shall be Moderate Income Affordable Units.

Section 4. Location of Affordable Units. The Affordable Units shall be constructed on the Property in the location(s) shown or described in the attached Exhibit B. The Affordable Units shall be scattered on the Property, intermingled with the Market Rate Units. The legal parcel(s) of land on which the Affordable Units will be constructed, together with any Affordable Units and appurtenant improvements constructed on such land, is referred to herein as the "Affordable Unit Property."

Section 5. Appearance, Size and Bedroom Count. The Affordable Units shall be ___ one-bedroom and ___ two-bedroom condominium homes, etc. The Affordable Units shall be of the same general design and appearance as the Market Rate Units. The Affordable Units shall be assigned outdoor parking spaces. The Affordable Units shall include one and two bedroom units in the numbers and with the square footage indicated in Exhibit C to this Agreement.

Section 6. Schedule for Developing Affordable Units. Developer shall construct the Affordable Units simultaneously with all other units in each building. The Developer shall commence construction by _____ and complete construction by _____.

(a) Prior to recordation of the final planned unit development or final plan or prior to issuance of building permits for the Property in the case of all other land use permits, whichever occurs earliest, this Agreement shall be duly executed by the Village and the Developer and recorded against the Property.

(b) Upon satisfying the applicable conditions stated in Section 6(a) building permits may be released by the Village.

Section 7. Sale by Developer to Eligible Buyers. The Developer shall sell all ___ Affordable Units to Moderate Income Households, at affordable purchase prices as described in Section 8 below. The Developer shall follow a marketing procedure approved by the Village for the purpose of identifying potential buyers that shall receive preference in purchasing the units. The Village will collect applications and issue preliminary certificates of eligibility for the potential buyers found eligible to purchase the Affordable Units and will prioritize the list giving highest priority to current Village residents, those employed in the Village, and parents and adult children of current Village residents. The developer will offer contracts to the persons on the list in the priority order. All contracts must stipulate that the buyers of the Affordable Units must be income-eligible to purchase the units on the date of the closing. Buyers must be recertified by the Village as eligible to purchase the Affordable Units no more than 60 days prior to the closing.

Section 8. Affordable Purchase Prices. The Affordable Units shall be sold to Eligible Buyers at prices that do not exceed Maximum Initial Sales Prices.

Section 9. Homebuyer Documents and Security Instruments. Prior to the sale of each Affordable Unit, Developer shall ensure that the Eligible Buyer and the Village execute a Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase. The Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase shall be recorded against the Affordable Unit Property at close of escrow on the Sale to the Eligible Buyer. The Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase shall be recorded junior only to the Eligible Buyer's first mortgage loan, unless otherwise approved in writing by the Village.

Section 10. Village Approval of Documents. The following documents, to be approved in writing by the Village, shall be used in connection with the development sale of the Affordable Units. Approval of the following documents by the Village shall be required prior to the issuance of building permits for the Affordable Units.

- (a) A marketing plan consistent with the terms of this Agreement and Village marketing requirements.
- (b) Form of Purchase and Sale Agreements for sale of the Affordable Units.
- (c) Form of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase.
- (d) Condominium documents. The condominium documents will stipulate that the percentage of ownership for each condominium unit will be based on the initial sale price not on the square footage of the unit or other bases.

Section 11. Compliance Reports, Inspections, Monitoring. Following completion of construction of any of the Affordable Units, a Compliance Report verifying compliance by Developer with the terms of this Agreement, and certified as correct by the Developer under penalty of perjury, shall be submitted monthly to the Department on the first (1st) calendar day of each month, commencing 30 days following the date of issuance of a final certificate of occupancy for the first Affordable Unit to be completed and continuing until all Affordable Units have been sold to Eligible Buyers. Developer shall retain all records related to compliance with obligations under this Agreement for a period not less than five years from the date of sale of all units in the Master Development, and make them available to Village employees or others designated by the Village for inspection and copying on five business days' written notice. Developer shall permit Village employees or others designated by the Village to inspect the Property to monitor compliance with this Agreement following two business days' written notice to Developer.

Section 12. Default and Remedies. Failure of the Developer to cure any default in the Developer's obligations under the terms of this Agreement within 30 days after the delivery of a notice of default from the Village will constitute a default under this Agreement and a failure to satisfy the conditions of Approval with respect to the Property and the requirements of the Ordinance and, in addition to remedies for breach of this Agreement, the Village may exercise any and all remedies available to it with respect to the Developer's failure to satisfy the conditions of Approval, including but not limited to:

(a) withholding, conditioning, suspending or revoking any permit, license, subdivision approval or map, or other entitlement for the Master Development, including without limitation final inspections for occupancy and/or certificates of occupancy;

(b) instituting against the Developer, or other parties, a civil action for declaratory relief, injunction or any other equitable relief, or relief at law, including without limitation an action to rescind a transaction and/or to require repayment of any funds received in connection with such a violation;

(c) where one or more persons have received financial benefit as a result of violation of this Agreement, the Village may assess, and institute legal action to recover as necessary, a penalty in any amount up to and including the amount of financial benefit received, in addition to recovery of the benefit received;

(d) prosecuting a misdemeanor against any person who has sold a residential unit at a price exceeding the maximum allowed under this Agreement or to a household not qualified under this Agreement, or who has otherwise violated any other agreement with respect to the development; or

(e) any other means authorized under the Village Municipal Code or by applicable law.

Section 13. Remedies Cumulative. No right, power, or remedy given to the Village by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Village by the terms of any such document or by any statute or otherwise against Developer and any other person. Neither the failure nor any delay on the part of the Village to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Village of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 14. Attorneys Fees and Costs. The Village shall be entitled to receive from the Developer or any person violating the requirements of this Agreement, in addition to any remedy otherwise available under this Agreement or at law or equity, whether or not litigation is instituted, the costs of enforcing this Agreement, including without limitation reasonable attorneys' fees and the costs of Village staff time.

Section 15. Appointment of Other Agencies. At its sole discretion, the Village may designate, appoint or contract with any other public agency, for-profit or non-profit organization to perform some or all of the Village's obligations under this Agreement.

Section 16. Hold Harmless. Developer will indemnify and hold harmless (without limit as to amount) Village and its elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Developer's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them

with respect thereto, except to the extent arising from the gross negligence or willful misconduct of the Village. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

Section 17. Insurance Requirements. Until the sale of Affordable Units to Eligible Buyers in compliance with this Agreement, Developer and its successors and assigns acquiring title to the Affordable Unit Property shall obtain, at their expense, comprehensive general liability insurance for development of the Affordable Units, naming Indemnitees as additional named insureds with aggregate limits of not less than Three Million Dollars (\$2,000,000), for bodily injury and death and property damage, including coverages for contractual liability and products and completed operations, purchased by Developer or its successors or assigns from an insurance company duly licensed to engage in the business of issuing such insurance in the State, with a current Best's Key Rating of not less than A-V, such insurance to be evidenced by an endorsement which so provides and delivered to the Department prior to the issuance of any building permit for the Affordable Units.

Section 18. Notices. All notices required pursuant to this Agreement shall be in writing and may be given by personal delivery or by registered or certified mail, return receipt requested, to the party to receive such notice at the addressed set forth below:

TO THE VILLAGE:

Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005
Attn: Department of Planning & Community Development

TO THE DEVELOPER:

Any party may change the address to which notices are to be sent by notifying the other parties of the new address, in the manner set forth above.

Section 19. Integrated Agreement. This Agreement constitutes the entire Agreement between the parties and no modification hereof shall be binding unless reduced to writing and signed by the parties hereto.

Section 20. Duration and Amendment of Agreement. This Agreement shall remain in effect for so long as the Property is subject to affordable housing obligations. This Agreement, and any section, subsection, or covenant contained herein, may be amended by the Village Board.

Section 21. No Claims. Nothing contained in this Agreement shall create or justify any claim against the Village by any person that Developer may have employed or with whom Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Property or the construction of the Master Development.

Section 22. Applicable Law. This Agreement shall be governed by Illinois law.

Section 23. Waivers. Any waiver by the Village of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Village to take action on any breach or default of Developer or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Village to any act or omission by Developer shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Village's written consent to future waivers.

Section 24. Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 25. Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 26. Recording of Agreement. The Developer shall cause this Agreement to be recorded against the Property and the Affordable Unit Property, in the Official Records of the Village of Arlington Heights.

Section 27. Severability. In the event any limitation, condition, restriction, covenant, or provision contained in this Agreement is to be held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Agreement shall nevertheless, be and remain in full force and effect.

Section 28. Exhibits. The following exhibits are attached to this Agreement:

- | | |
|-----------|--|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Location of Affordable Units |
| Exhibit C | Income Level, Size and Bedroom Count of Affordable Units |
| Exhibit D | Maximum Initial Sales Prices for Affordable Units and
Maximum Income and Asset Levels of Homebuyer. |

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

DEVELOPER:

_____, an Illinois

By: _____

Its: _____

VILLAGE:

Village of Arlington Heights, a municipal
corporation in the State of Illinois

By: _____

Its: _____

APPROVED AS TO FORM:

By: _____
Village Counsel

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On _____, 200__, before me, _____ personally appeared and, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On _____, 200__, before me, _____ personally appeared and, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

C. Maximum Assets of Homeowners

In order to qualify as an eligible purchaser, the purchaser's household assets may not exceed \$250,000. Income from non-retirement restricted assets will be counted when determining income eligibility.

Attachment B

**BUYER'S OCCUPANCY AND RESALE RESTRICTION AGREEMENT
WITH OPTION TO PURCHASE**

ARLINGTON HEIGHTS AFFORDABLE HOUSING PROGRAM

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005
Attn: Dept. of Planning & Community Development

(Space above for Recorder's Use)

**BUYER'S OCCUPANCY AND RESALE RESTRICTION AGREEMENT
WITH OPTION TO PURCHASE**

ARLINGTON HEIGHTS AFFORDABLE HOUSING PROGRAM

TIMBER COURT CONDOMINIUMS

**WARNING: THIS DEED RIDER CONTAINS STRICT RESTRICTIONS ON THE USE,
LEASING, RENTAL, MORTGAGING, ENCUMBRANCE, TRANSFER, AND RESALE
OF THE SUBJECT PROPERTY. PLEASE READ IT CAREFULLY**

Owner: _____

Address of Home: _____

Income Category of Buyer
(Moderate Income):

Sales Price at Original Purchase (Owner's
Base Price): _____

This Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase (the "Agreement") is entered into as of this ___ day of _____, 20___, by and between the Village of Arlington Heights (the "Village") and _____ (the "Owner").

RECITALS

A. Tandem Realty, the developer of Timber Court, LLC (the "Developer"), entered into an Arlington Heights Affordable Housing Agreement ("Developer Agreement") with the Village of Arlington Heights in March 2006, and the Developer agreed to sell certain homes in the Development to moderate income households at affordable prices (the "Affordable Units").

B. Owner intends to purchase the property located in the Village of Arlington Heights and more particularly described in Exhibit A attached hereto and incorporated herein (the "Home"). The Home is one of the Affordable Units. The Home has been designated by the Village and the Developer as a Moderate Income Home, and this Agreement restricts future sales of the Home only to persons who qualify as Moderate Income Households ("Eligible Purchaser") or as otherwise provided in the Village's Process for Requesting Sale of Affordable Units to Investment Buyers, as set forth in Exhibit H.

C. The Developer and the Village shall ensure the continued affordability of the Home as an Affordable Unit, and the Village therefore requires the Owner to execute this Agreement as a condition of the Owner's purchase of the Home. The Owner has agreed to execute and comply with this Agreement in consideration of the Developer's agreement to sell the Home to the Owner at an affordable price that is below the fair market value of the Home.

D. The purpose of this Agreement is to place resale controls on the Home. This Agreement also provides the Village an option to purchase the Home at a restricted price, given in consideration of the economic benefits to the Owner resulting from purchase of the Home at a below market price under the Village's Affordable Housing Program.

E. The Owner will provide the Village with a copy of the Owner's recorded First Mortgage within ten days of the Owner's receipt of the recorded first mortgage.

F. This Agreement shall be recorded in the County of Cook and shall be subordinate to the lien of the First Mortgage.

NOW, THEREFORE, in consideration of the benefits received by the Owner and the Village hereunder, the Owner and the Village agree, as follows:

1. The following exhibits are attached to this Agreement:

- (i) Exhibit A: Legal Description of the Home
- (ii) Exhibit B: Form of Owner Occupancy Certification

- (iii) Exhibit C: Form of Owner's Notice of Intent to Transfer
- (iv) Exhibit D: Form of Owner Acknowledgement of Village Response Notice
- (v) Exhibit E: Form of Owner Request for Village Subordination to Refinance First Mortgage Loan
- (6) Exhibit F: Calculation of Maximum Resale Price and Worksheets
- (7) Exhibit G: Process for Requesting to Lease Affordable Units
- (8) Exhibit H: Process for Requesting Sale of Affordable Units to Investment Buyers

Section 3. DESCRIPTION OF PROPERTY

This Agreement concerns certain real property in the Village of Arlington Heights, State of Illinois with the street address set forth on page 1 of this Agreement, which is more fully described in Exhibit A attached and incorporated in this Agreement by reference (the "Home").

Section 4. OWNER CERTIFICATIONS; OWNER OCCUPANCY REQUIREMENT

A. The Owner certifies that the financial and other information previously provided in order to qualify to purchase the Home, as applicable, is true and correct as of the date first written above.

B. The Owner shall occupy the Home as the Owner's principal place of residence, unless the Owner has received permission from the Village to rent or lease in accordance with Section 4 of this Agreement. The Owner shall be considered as occupying the Home if the Owner is living in the unit for at least ten months out of each calendar year. On or before February 1 of each calendar year, the Owner shall provide an annual written certification to the Village in the form shown in Exhibit B that the Owner is occupying the Home as his or her principal place of residence, and that Owner is not renting the Home to another party.

Section 5. RENTING OR LEASING OF HOME

The Owner shall not rent or lease the Home to another party, unless such rental or lease is in accordance with the Village's Process for Requesting to Lease Affordable Units, which is attached as Exhibit G and made a part of this Agreement. The Village may decide, in its sole discretion and at any time, to cease accepting requests to lease affordable units. The Village will notify the Owner in writing of the decision to cease permitting leasing of the affordable units. Any existing Lease shall remain in full force and effect but the Owner will not be able to enter into any new leases or to extend an existing Lease beyond its expiration date as of the date of the Village's decision.

Section 6. MAINTENANCE

(a) The Owner shall maintain the Home in good repair and in a neat, clean and orderly condition and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Owner will not commit waste or permit deterioration of the Home, and shall make all repairs and replacements necessary to keep the Home in good condition and repair. Failure by the Owner to maintain the Home shall constitute a default under this Agreement for which the Village may exercise the Village Option to purchase the Home pursuant to Section 15 below.

B. In the event that the Owner breaches any of the covenants contained in this section and such default continues for a period of ten days after written notice from the Village with respect to graffiti, debris, waste material, and general maintenance or thirty days after written notice from the Village with respect to building improvements, then the Village, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter the Home and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the Village shall be permitted (but is not required) to enter the Home and perform all acts and work necessary to protect, maintain, and preserve the improvements and to attach a lien on the Home, or to assess the Home, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Village and/or costs of such cure. The cost of the cure to the Village shall be promptly paid by the Owner to the Village or a lien shall be recorded against the property in that amount.

Section 7. RESTRICTIONS ON RESALE OR TRANSFER OF THE HOME

(a) Transfer. Except as otherwise provided in Section 4 of the Agreement as amended, any Transfer of the Home will be subject to the provisions of this Agreement including, without limitation, the Village Option described in Section 10 below. Transfer means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, or a life estate. Any Transfer without satisfaction of the provisions of this Agreement is prohibited and shall constitute a default by Owner for which the Village may exercise the Village Option pursuant to Section 15 below. A Transfer shall not include a transfer: (i) to an existing spouse or domestic partner; (ii) by an Owner to a spouse or domestic partner where the spouse or domestic partner becomes the co-owner of the Home; (iii) between spouses as part of a marriage dissolution proceeding; (iv) to an existing spouse or domestic partner of Owner by devise or inheritance following the death of Owner; (v) by Owner into an inter vivos trust in which Owner is the beneficiary; or (vi) refinance of the First Mortgage meeting the requirements of Section 21 of the Resale Restriction Agreement; provided, however, that Owner shall provide written notice of all such transfers to Village; and Owner shall continue to occupy the Home as his or her principal place of residence (except where the transfer occurs pursuant to subsection (iii) or (iv) above, in which event the transferee shall owner-occupy the Home and affirmatively assume Owner's obligations under this Agreement). All other Transfers shall require written notice to the Village pursuant to Section 7 below, shall be to Eligible Purchasers, and consideration received by the Owner for such Transfer shall not exceed the Maximum Restricted Resale Price defined in Section 11

below. For purposes of this section, "domestic partner" shall mean two unmarried people, at least 18 years of age, who have lived together continuously for at least one year and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic partners may not be persons related to each other by blood or adoption such that their marriage would be barred in the state of Illinois. For purposes of this section, an individual shall be considered a domestic partner of Owner upon presentation of an affidavit or other acceptable evidence by Owner to the Village.

(b) Inheritance. In the event a Transfer occurs by devise or inheritance due to death of the Owner, the administrator of the Owner's estate or the person inheriting the Home shall provide written notice to the Village of the Owner's death within 30 days of the date of death and the following procedures shall apply:

(i) If the person inheriting the Home (the "Inheriting Owner") is the child or stepchild of the deceased Owner (an "Inheriting Child"), he or she shall provide the Village with documentation that he or she is the child or stepchild of the deceased Owner and with income information, to be verified by the Village, so that the Village may determine if the Inheriting Child is an Eligible Purchaser. If the Inheriting Child fails to provide required documentation of his or her relationship to the Owner, or financial information, he or she shall be deemed not to qualify as an Inheriting Child and/or Eligible Purchaser, as applicable. If the Inheriting Child qualifies as an Eligible Purchaser, he or she shall succeed to the Owner's interest and obligations under this Agreement and new documents shall be executed between the Inheriting Owner and the Village and recorded against the Home. If the Inheriting Child fails to qualify as an Eligible Purchaser, he or she shall be required to Transfer the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, pursuant to the procedures set forth in Sections 7 through 12 below and the Village may exercise the Village Option pursuant to Section 10 below; provided, however that the Inheriting Child may own and occupy the Home for up to 12 months prior to providing an Owner's Notice of Intent to Sell to the Village pursuant to Section 7 below, and provided further that the Inheriting Child remains in compliance with the requirements of this Agreement. The Inheriting Child shall not be required to occupy the Home during this 12-month time period, but shall not rent the Home.

(ii) If the Inheriting Owner is not the child or stepchild of the deceased Owner, he or she shall Transfer the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, pursuant to the procedures set forth in Sections 7 through 12 below and the Village may exercise the Village Option pursuant to Section 10 below. In this event, the Inheriting Owner shall provide the Village with an Owner's Notice of Intent to Sell within 60 days of the date of death of the Owner.

(iii) Failure of an Inheriting Owner to follow the procedures and file the notices described in this Section 6 shall constitute a Default under this Agreement and the Village may then exercise any of the remedies set forth in Section 13 below, including, without limitation, exercise of the Village Purchase Option upon Default.

Section 8. NOTICE OF INTENDED TRANSFER; PREPARATION OF HOME FOR SALE

(a) In the event the Owner intends to Transfer or vacate the Home, the Owner shall promptly give the Village written notice of such intent (the "Owner's Notice of Intent to Sell") in the form shown in Exhibit C attached to this Agreement. The Owner's Notice of Intent to Sell shall be sent to the Village by certified mail, return receipt requested at the address provided in Section 29 of this Agreement. The Owner's Notice of Intent to Sell shall include the information necessary for the Village to determine the Maximum Restricted Resale Price of the Home, including the following information:

- (i) the address of the Home;
- (ii) the date of purchase of the Home by the Owner;
- (iii) the purchase price of the Home paid by the Owner at the time of his/her purchase;
- (iv) a copy of the HUD-1 Settlement Statement or equivalent document from the close of escrow on the Owner's purchase of the Home;
- (v) the date on which the Owner intends to vacate Home;
- (vi) the date Home will be placed on the market; and
- (vii) the name and phone number of the person to contact to schedule inspection of the Home by the Village.

(b) The Owner may not wish to contract with a real estate broker to sell the Home until the Owner has received the Village Response Notice pursuant to Section 8 below, as the services of a broker will not be required if the Village exercises the Village Option to purchase the Home pursuant to Sections 8 and 10 below.

(c) Following delivery to the Village of the Owner's Notice of Intent to Sell, the Owner shall prepare the Home for sale, as follows:

(i) within 30 days of the date of the Owner's Notice of Intent to Sell, the Owner shall allow the Village, or its designee, to inspect the Home to determine its physical condition and, if requested by the Village, following such inspection, the Owner shall obtain and deliver to the Village a home inspection report prepared by a licensed home inspector; and

(ii) if the Home is vacant, the Owner shall maintain utility connections until the close of escrow on the Transfer.

Section 9. VILLAGE RESPONSE TO OWNER'S NOTICE OF INTENT TO SELL

The Village shall respond in writing (the "Village Response Notice") to the Owner's Notice of Intent to Sell within 30 days of Village receipt of a complete Owner's Notice of Intent to Sell that includes all information required under Section 7 above. The Village Response Notice shall inform the Owner of the Village's election to proceed under one of the following two alternatives:

A. Village Exercise of Village Purchase Option. The Village Response Notice may notify the Owner that the Village or its assignee elects to exercise the Village Option to purchase the Home, as granted in Section 10 below, and shall include the Village's calculation of the Maximum Restricted Resale Price to be paid by the Village or its assignee pursuant to Section 11 below.

B. Owner Sale at Restricted Sale Price to Income Eligible Household. Alternatively, the Village Response Notice may notify the Owner that the Village will not at this time exercise the Village Option to purchase the Home and that the Owner may proceed to sell the Home to an Eligible Purchaser at a price not to exceed the Maximum Restricted Resale Price, pursuant to the procedure set forth in Section 12 below. In this event, the Village Response Notice shall include the following information: (1) the maximum qualifying income for an Eligible Purchaser; (2) the maximum asset limitation for a qualifying purchaser, (3) the certifications required of an Eligible Purchaser; and (4) the Maximum Restricted Resale Price the Owner may receive for the Home, calculated by the Village pursuant to Section 11 below. The Owner may then proceed to request referrals from the Village pursuant to Section 12A below.

Section 10. OWNER ACKNOWLEDGMENT OF VILLAGE RESPONSE NOTICE

No later than 12 days following the date of the Village Response Notice, the Owner shall acknowledge in writing to the Village, in the form shown in Exhibit D attached to this Agreement, that he/she has received the Village Response Notice and still intends to Transfer the Home.

Section 11. VILLAGE PURCHASE OPTION

The Owner agrees that the Village shall have the option to purchase the Home (the "Village Option") for the Maximum Restricted Resale Price, calculated pursuant to Section 11 of this Agreement. The Village may, instead of purchasing the Home itself, assign its right to purchase the Home pursuant to the Village Option to another public agency, a nonprofit corporation, or to an Eligible Purchaser. If the Village assigns its purchase option, the assignee shall sign the Village Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of the Village Option as set forth in this Agreement. The Village Option may be exercised by the Village or its assignee in the Village Response Notice, as described in Section 8 above, to be sent by the Village to the Owner within 30 days of the Village's receipt of a complete Owner's Notice of Intent to Transfer. If the Village Response Notice notifies the Owner that the Village or its assignee will exercise the Village Option to purchase, the Village or its assignee shall purchase the Home within 90 days of the date of the Village Response Notice.

In the event of exercise of the Village Option and purchase of the Home by the Village or its assignee, the Owner shall permit a walk-through of the Home by the Village upon notifying the Village of the owner's intent to sell and a final walk-through of the Home by the Village or its assignee in the final three days prior to close of escrow on the Transfer.

Section 12. DETERMINATION OF MAXIMUM RESTRICTED RESALE PRICE FOR VILLAGE PURCHASE OR OTHER RESTRICTED SALE

If the Village (or its assignee) exercises the Village Option, or if the Owner sells to an Eligible Purchaser, the Maximum Restricted Resale Price that the Owner shall receive from the Village or the Eligible Purchaser for purchase of the Home shall be the lesser of (i) the Indexed Value of the Home; (ii) the Affordability Cap or (iii) the Fair Market Value of the Home, less any reduction of the Maximum Restricted Resale Price for "Excessive Damage Amount."

(a) Indexed Value. The Indexed Value of the Home means the sales price of the Home at the time of purchase by the Owner, increased by the percentage of increase in the Median Income from the date of the original purchase of the Home by the Owner to the date of receipt by the Village of the Owner's Notice of Intent to Transfer with a cap of 3.5% per year. "Median Income" shall refer to the median yearly income for a household size of 2 persons for the one-bedroom units and 3 persons for the 2-bedroom units, for the Chicago Metropolitan Statistical Area, as published by the United States Department of Housing and Urban Development ("HUD"), or, in the event such income determination is no longer published by HUD, or has not been updated for a period of at least 18 months, the percentage increase will be 3.5% for each year of ownership.

(b) Affordability Cap. The Maximum Restricted Resale Price shall not exceed that which is determined by the Village to be affordable to and eligible purchaser. The affordable price is determined by taking the appropriate household size (two persons for a one-bedroom unit and three persons for a two-bedroom unit), identify 80% of median income for the appropriate household size, determine monthly allowance for housing payment (multiply 30% of 80% of median income for the appropriate household size), divide by 12 for monthly allowance, and determine the maximum sales price that the monthly household allowance for housing payment can support using the average national interest rate for a 30-year fixed rate mortgage for the past six months plus .25%, a 10% down payment, the assessments, homeowners insurance, homeowner association dues, and property taxes.

(c) Fair Market Value. In certain circumstances it may be necessary to determine the fair market value of the Home (the "Fair Market Value"). These circumstances include: (1) where the parties wish to determine if the Indexed Value exceeds the Fair Market Value in order to determine the Maximum Restricted Resale Price pursuant to this Section 11; and (2) where the Owner wishes to refinance the First Mortgage Loan as described in Section 21 below. If it is necessary to determine the Fair Market Value of the Home, it shall be determined by a qualified real estate appraiser approved in writing in advance by the Village. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three three-month period. The cost of the appraisal shall be shared equally

by the Village and the Owner, unless the appraisal is obtained from a new purchaser, or unless the appraisal is necessary because the Owner wishes to refinance the First Mortgage Loan pursuant to Section 21 below, in which event the Owner shall pay the cost of the appraisal. Nothing in this section shall preclude the Owner and the Village from establishing the Fair Market Value of the Home by mutual agreement in lieu of an appraisal pursuant to this section.

D. Excessive Damage Amount. Shortly before the Maximum Restricted Resale Price is determined, the Village shall have the right to inspect the Home to determine whether the Owner has complied fully with the maintenance obligations set forth in Section 5 of this Agreement. If after such inspection, the Village determines, in its sole judgment, that the Owner has not fully complied with such obligation, the Village shall determine, in its sole judgment, the cost to complete the necessary repairs, maintenance, replacement, and other work to restore the Home in good, safe and habitable condition in all respects, and to bring it into full compliance with all applicable laws, ordinance, rules and regulations of any governmental authority or homeowners association with jurisdiction over matters concerning the condition of Property. This amount shall be called the Excessive Damage Amount, and shall be considered in calculating the Maximum Restricted Resale Price.

Section 13. SALE OF HOME BY OWNER IF VILLAGE DOES NOT EXERCISE OPTION TO PURCHASE

In the event the Village Response Notice notifies the Owner to proceed to sell the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, the Owner may proceed to sell the Home in compliance with the following requirements:

(a) Marketing. Immediately following receipt of a Village Response Notice informing the Owner that the Village will not exercise the Village Option, the Owner shall request the Village to refer Eligible Purchasers from the Village's Affordable Housing Eligibility Waiting List to the Owner. The Owner shall make every effort to sell the Home to an Eligible Purchaser referred by the Village. At the Owner's option, the Owner may also list the Home with a Realtor. The Owner shall use bona fide good faith efforts to sell the Home to an Eligible Purchaser in compliance with this Section 12, including keeping the Home in an orderly condition, making the Home available to show to agents and prospective buyers, and providing buyers with Eligible Purchaser requirements, including income and asset qualifications, and the Village's form of disclosure statement summarizing the terms of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase. A proposed purchaser ("Proposed Purchaser") who the Owner believes will qualify as an Eligible Purchaser shall be referred to the Village for an eligibility determination.

(b) Eligible Purchaser. A Proposed Purchaser shall qualify as an "Eligible Purchaser" if he or she meets the following requirements, as determined by the Village:

(i) Intent to Owner Occupy. The Proposed Purchaser (unless the Purchaser is an Investment Buyer through the process set forth in Exhibit H) shall certify that he or she will occupy the Home as his or her principal place of residence throughout his or her ownership.

(ii) Agreement to Sign Buyer's Resale Agreement and to Cooperate with Village. The Proposed Purchaser shall agree to sign a buyer's occupancy and resale restriction agreement with option to purchase restricting future resale of the Home in the form provided by the Village and shall agree to cooperate fully with the Village in promptly providing all information requested by the Village to assist the Village in monitoring the Proposed Purchaser's compliance with the buyer's occupancy and resale agreement with option to purchase.

(iii) Income and Asset Eligibility. The combined maximum income for all household members, and combines household assets, of the Proposed Purchaser shall not exceed the income and asset levels designated by the Village.

(c) Maximize Sales Price and Closing Costs. The purchase price for the sale of the Home by the Owner to the Eligible Purchaser shall not exceed the Maximum Restricted Resale Price calculated by the Village as set forth in the Village Response Notice. The Maximum Restricted Resale Price shall not include closing costs paid by the Eligible Purchaser. The closing costs paid by the Eligible Purchaser shall not exceed reasonable and customary buyers' closing costs in the Village of Arlington Heights.

(d) Disclosure and Submittals. The Owner and the Proposed Purchaser shall provide the following information and documents to the Village:

(i) The name, address and telephone number in writing of the Proposed Purchaser.

(ii) A signed financial statement of the Proposed Purchaser in a form acceptable to the Village and any other supporting documentation requested by the Village. The financial information shall be used by the Village to determine the income eligibility of the Proposed Purchaser.

(iii) The proposed sales contract and all other related documents that shall set forth all the terms of the sale of the Home. Said documents shall include at least the following terms: (a) the sales price; and (b) the price to be paid by the Proposed Purchaser for the Owner's personal property, if any, for the services of the Owner, if any, and any credits, allowances or other consideration, if any.

(iv) A written certification, from the Owner and the Proposed Purchaser in a form acceptable to the Village that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the Village. The certification shall also provide that the Proposed Purchaser or any other party has not paid and will not pay to the Owner, and the Owner has not received and will not receive from the Proposed Purchaser or any other party, money or other consideration, including personal property, in addition to what is set forth in the sales contract and documents submitted to the Village. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the Village, the Village shall have the right to foreclose on the Home or file an

action at law or in equity as may be appropriate. In any event, any costs, liabilities or obligations incurred by the Owner and the Proposed Purchaser for the return of any moneys paid or received in violation of this Agreement or for any of the Owner's and/or the Proposed Purchaser's costs and legal expenses, shall be borne by the Owner and/or the Proposed Purchaser and they shall hold the Village and its designee harmless and reimburse the Village's and its designee's expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Agreement.

(v) An executed Buyer's Occupancy and Resale Restriction Agreement and Option to Purchase, all in forms provided by the Village. The recording of the Resale Restriction Agreement with Option to Purchase shall be a condition of the Village's approval of the proposed sale.

(vi) The name of the title company escrow holder for the sale of the Home, the escrow number, and name, address, and phone number of the escrow officer.

(vii) Upon the close of the proposed sale, certified copies of the recorded buyer's resale restriction agreement, a copy of the final sales contract, settlement statement, escrow instructions, and any other documents which the Village may reasonably request.

Section 14. DEFAULTS

(a) The following events shall constitute a Default by the Owner under this Agreement:

(i) The Village determines that the Owner has made a misrepresentation to obtain the benefits of purchase of the Home or in connection with its obligations under this Agreement;

(ii) The Owner fails to owner occupy the Home, as required pursuant to Section 3 above, and such failure continues following written notice by the Village and 60 days opportunity to cure following the date of such notice.

(iii) The Owner rents the Home in violation of Section 4 above, and such failure continues following written notice by the Village and 60 days opportunity to cure.

(iv) The Owner fails to provide information to the Village necessary to determine Owner's compliance with the requirements of this Agreement.

(v) The Owner makes a Transfer in violation of this Agreement;

(vi) The Owner otherwise fails to comply with the requirements of this Agreement and such violation is not corrected to the satisfaction of the Village within 30 days after the date of written notice by the Village to the Owner of such violation; or

(vii) A notice of default is issued under First Mortgage Loan or other financing secured by the Home.

(viii) A lien is recorded against the Home other than the lien of a bone fide mortgage loan or home equity loan. Any loan secured against the property other than the first mortgage must be approved by the Village, and all loans secured by the property may not exceed the Maximum Restricted Resale Price at the time the loan is closed.

(ix) Owner places a mortgage on the Home in violation of Section 21 below.

(x) Owner declares bankruptcy or makes an assignment of assets for the benefit of creditors.

(b) Upon a declaration of Default by the Village under this Agreement, the Village may exercise any remedies at law or in equity, including without limitation, any or all of the following, none of which shall be an exclusive remedy:

(i) Apply to a court of competent jurisdiction for such relief at law or in equity as may be appropriate;

(ii) Take such enforcement action as is authorized under the Village of Arlington Heights Code;

(iii) Declare a Default and pursue all Village remedies under the resale restriction agreement; and

(iv) Enter the Home to correct maintenance failures, and place a lien upon the Property to collect Village costs to remedy maintenance failures, pursuant to Section 5(B) above.

(v) Exercise the Village Purchase Option Upon Default as described in Section 15 below.

Section 15. NOTICE OF DEFAULT AND FORECLOSURE

A request for notice of default and any notice of sale under any mortgage with power of sale encumbering the Home shall be recorded by the Village in the Cook County Recorder's Office. The Village may declare a Default under this Agreement upon receipt of any notice given to the Village, and may exercise its rights as provided in Sections 13 and 15.

In the event of default and foreclosure, the Village shall have the same right as the Owner to cure defaults and redeem the Home prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the Village to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

If the Village failed to file the request for notice of default, the Village's right to purchase the Home shall commence from the date a notice of default is given by the Village to the Owner.

Section 16. PURCHASE OPTION UPON DEFAULT

Notwithstanding, and in addition to, the remedies provided the Village in Section 14, and the Village Option provided to the Village in Section 10, the Owner hereby grants to the Village the option to purchase the Home following written notice by the Village to the Owner of the declaration of a Default by the Village under this Agreement.

The Village shall have 45 days after a Default is declared to notify the Owner and the First Lender of its decision to exercise its option to purchase under this Section 15. Not later than 90 days after the notice is given by the Village to the Owner of the Village's intent to exercise its option under this Section 15, the Village shall purchase the Home for the Maximum Restricted Resale Price calculated in the manner set forth in Section 11.

Section 17. NONLIABILITY OF THE VILLAGE

(a) No Obligation to Exercise Option. The Village shall have no obligation to exercise any option granted it under this Agreement. In no event shall the Village become in any way liable or obligated to the Owner or any successor-in-interest to the Owner by reason of its option to purchase under Sections 10 and 15 nor shall the Village be in any way obligated or liable to the Owner or any successor-in-interest to the Owner for any failure to exercise its option to purchase.

(b) Nonliability for Negligence, Loss, or Damage. Owner acknowledges, understands and agrees that the relationship between Owner and the Village is solely that of an owner and an administrator of a Village affordable housing program, and that the Village does not undertake or assume any responsibility for or duty to Owner to select, review, inspect, supervise, pass judgment on, or inform Owner of the quality, adequacy or suitability of the Home or any other matter. The Village owes no duty of care to protect Owner against negligent, faulty, inadequate or defective building or construction or any condition of the Home and Owner agrees that neither Owner, or Owner's heirs, successors or assigns shall ever claim, have or assert any right or action against the Village for any loss, damage or other matter arising out of or resulting from any condition of the Home and will hold the Village harmless from any liability, loss or damage for these things.

(c) Indemnity. Owner agrees to defend, indemnify, and hold the Village harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorneys fees that the Village may incur as a direct or indirect consequence of: (1) Owner's default, performance, or failure to perform any obligations as and when required by this Agreement; (2) the failure at any time of any of Owner's representations to the Village to be true and correct; or (3) Owner's purchase or ownership of the Home.

Section 18. RESTRICTIONS ON FORECLOSURE PROCEEDS

If a creditor acquires title to the Home through a deed in lieu of foreclosure, a trustee's deed upon sale, or otherwise, the Owner shall not be entitled to the proceeds of sale to the extent that such proceeds otherwise payable to the Owner when added to the proceeds paid or credited to the creditor exceed the Maximum Restricted Resale Price. The Owner shall instruct the holder of such excess proceeds to pay such proceeds to the Village in consideration of the benefits received by the Owner through purchase of the Home under the Village's program.

Section 19. TERM OF AGREEMENT

All the provisions of this Agreement, including the benefits and burdens, run with the land and the Home and this Agreement shall bind, and the benefit hereof shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the Village and its successors in perpetuity.

Section 20. SUPERIORITY OF AGREEMENT

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between and among the Owner, the Village and their respective successors.

Section 21. SUBORDINATION

Notwithstanding any provision herein, this Agreement shall not diminish or affect the rights of the First Lender under the First Lender mortgage or any subsequent First Lender mortgages hereafter recorded against the Home in compliance with Section 21 of this Agreement.

Notwithstanding any other provision hereof, the provisions of this Agreement shall be subordinate to the mortgage of the First Lender and shall not impair the rights of the First Lender, or such lender's assignee or successor in interest, to exercise its remedies under the mortgage of the First Lender in the event of default under the mortgage of the First Lender by the Owner. Such remedies under the mortgage of the First Lender include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure.

Section 22. REFINANCE OF FIRST MORTGAGE LOAN; FURTHER ENCUMBRANCE OF HOME

(a) Refinancing. Refinancing may include the refinancing of the first mortgage on the Home and/or adding a second mortgage on the Home. Owner may refinance so long as the total outstanding balance of principal and any accrued interest on all loans secured by the Home do not exceed 90% of the Maximum Restricted Resale Price, calculated by the Village pursuant to Section 11 of this Agreement. The Village and the Owner agree that the requirements of this Section 21 are necessary to ensure the continued affordability of the Home to Owner and to

minimize the risk of loss of the Home by Owner through default and foreclosure of mortgage loans. Owner further acknowledges that violation of the provisions of this Section 21 shall constitute a Default under this Agreement. In no case shall this Agreement be in lower than third lien position on the Home. Any subordination agreement to be executed by the Village shall include notice and cure rights for the Village regarding any defaults in the mortgage to which the Village is subordinating. A form for use by the Owner in requesting Village subordination to a refinanced first mortgage loan is attached as Exhibit E to this Agreement.

(b) Cash Out. Owner may take "cash out" from the refinancing proceeds so long as the refinancing requirements set forth in subsection (A) above are met.

Section 23. NONDISCRIMINATION

The Owner covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Home, nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Home. The foregoing covenant shall run with the land.

Section 24. MONITORING AND INSPECTION BY VILLAGE

(a) The Village (or its designee) may enter the Home for inspection following two business days' advance written notice.

(b) The Owner shall retain all records related to compliance with obligations under this Agreement for a period of not less than five years, and shall make such records available to the Village or its designee for inspection and copying upon five business days advance written notice.

(c) The Village may periodically monitor Owner's compliance with the requirements of this Agreement on an annual basis. Owner shall cooperate with Village monitoring and provide required certifications and other information required by the Village to determine compliance within ten days of receipt of a written request by the Village.

Section 25. RIGHTS OF BENEFICIARIES

Notwithstanding any other provision in this Agreement to the contrary, this Agreement shall not diminish or affect the rights of the Illinois Housing Development Authority ("IHDA"), United States Department of Housing and Urban Development ("HUD"), the Federal National Mortgage Association ("FNMA"), or the Veterans Administration ("VA") under the First Mortgage or any subsequent First Lender mortgages hereafter recorded against the Home in compliance with Section 21 above.

Section 26. HUD WORKOUT ASSISTANCE

Notwithstanding other provisions of this Agreement, the Village Option on Default pursuant to Section 14 above shall not be exercised by the Village when a mortgage insured by HUD is secured by the Home, and the Owner is undergoing consideration for a HUD workout assistance.

Section 27. INVALID PROVISIONS

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 28. CONTROLLING LAW

The terms of this Agreement shall be interpreted under the laws of the State of Illinois.

Section 29. NO WAIVER

No delay or omission in the exercise of any right or remedy of Village upon any default by Owner shall impair such right or remedy or be construed as a waiver. The Village's failure to insist in any one or more instance upon the strict observance of the terms of this Agreement shall not be considered a waiver of the Village's right thereafter to enforce the provisions of the Agreement. The Village shall not waive its rights to enforce any provision of this Agreement unless it does so in writing, signed by an authorized agent of the Village.

Section 30. NOTICES

All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

To the Owner:
At the address of the Home

To the Village:
Village Manager
Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this section.

Section 31. INTERPRETATION OF AGREEMENT

The terms of this Agreement shall be interpreted so as to avoid speculation on the Home and to ensure to the extent possible that its sales price and mortgage payments remain affordable to Eligible Purchasers.

Section 32. COVENANTS RUNNING WITH THE LAND

(a) Owner hereby subjects the Home to the covenants and restrictions set forth in this Agreement. Owner hereby declares its express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land in perpetuity and shall pass to and be binding upon all parties having any interest in the Home throughout the term of this Agreement set forth in Section 18. Each and every contract, deed, lease or other instrument covering, conveying or otherwise transferring the Home or any interest therein, as the case may be, shall conclusively be held to have been executed, delivered and accepted subject to this Agreement regardless of whether the other party or parties to such contract have actual knowledge of this Agreement.

(b) The Owner and the Village hereby declare their understanding and intent that: (i) the covenants and restrictions contained in this Agreement shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title by Owner; (ii) the burden of the covenants and restrictions set forth in this Agreement touch and concern the Home in that the Owner's legal interest in the Home may be rendered less valuable thereby; and (iii) the benefit of the covenants and restrictions set forth in this Agreement touch and concern the land by enhancing and increasing the enjoyment and use of the Home by Eligible Purchasers, the intended beneficiaries of such covenants and restrictions.

(c) All covenants and restrictions contained herein without regard to technical classification or designation shall be binding upon Owner for the benefit of the Village and Eligible Purchasers and such covenants and restrictions shall run in favor of such parties for the entire period during which such covenants and restrictions shall be in force and effect, without regard to whether the Village is an owner of any land or interest therein to which such covenants and restrictions relate.

Section 33. OWNER'S ACKNOWLEDGEMENT OF RESALE RESTRICTION

Owner hereby acknowledges and agrees that:

(a) Owner hereby subjects the Home to certain restrictions, and limits the price for which Owner may sell the Home and the persons to whom Owner may sell the Home. The resale price limitation and other provisions contained in this Agreement, restrict the full benefits of owning the Home. Owner may not enjoy the same economic or other benefits from owning the Home that Owner would enjoy if this Agreement did not exist.

(b) Absent the provisions of the this Agreement, the Home could not be made available to Eligible Purchasers at an affordable price, including Owner.

(c) Owner understands all of the provisions of this Agreement. In recognition of the acknowledgments and agreements stated in this Section 32, Owner accepts and agrees to the provisions of this Agreement with the understanding that this Agreement will remain in full force and effect as to the Home following any Transfer of the Home throughout the term of this Agreement.

(d) OWNER UNDERSTANDS THAT THE DETERMINATION OF THE MAXIMUM RESTRICTED RESALE PRICE OF THE HOME TO AN ELIGIBLE PURCHASER CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INCREASES IN MEDIAN INCOME, MORTGAGE INTEREST RATES, PROPERTY TAXES AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED AND THAT THE SALES PRICE PERMITTED HEREUNDER MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS AGREEMENT. OWNER FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE SALES PRICE OF THE HOME THE PRIMARY OBJECTIVE OF THE VILLAGE AND THIS AGREEMENT IS TO PROVIDE HOUSING TO ELIGIBLE PURCHASERS AT AFFORDABLE HOUSING COST. THE MAXIMUM RESTRICTED RESALE PRICE WILL ALMOST CERTAINLY BE LESS THAN OTHER SIMILAR PROPERTIES THAT HAVE NO RESTRICTIONS.

[initialed by Owner(s)]

IN WITNESS WHEREOF, the parties have executed this Agreement on or as of the date first written above.

VILLAGE:

OWNER:

Village of Arlington Heights, a municipal corporation in the State of Illinois

By: _____

By: _____

Its: _____

(Type Name)

By: _____

(Type Name)

On _____, 20__, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

On _____, 20__, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

On _____, 20)_, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

EXHIBIT A

(Legal Description of the Home)

EXHIBIT B

Form of Owner Occupancy Certification

To: Village of Arlington Heights ("Village")

From: _____ [name of owner(s)] ("Owner(s)")

Address of Home: _____ ("Home")

Date: _____

By signature below, I _____ [insert name or names of Owner] hereby certify to the Village under penalty of perjury that I/we occupy the home located at _____ [insert address] (the "Home") as my/our principal place of residence and that I/we have occupied the Home for _____ (___) [insert number] months of the calendar year _____ [insert previous calendar year]. Attached to this letter is a copy of _____ [insert utility bill or driver's license] showing my place of residence.

I also certify that I have not leased part or all of the Home to a third party, except _____. (Note: prior written approval of Village required for any rental of the Home)

This Owner Occupancy Certification is signed on _____, 20__, under penalty of perjury.

By: _____
Owner [type name]

By: _____
Owner [type name]

Due Date: February 1 of each calendar year.

Attach copy of utility bill or driver's license showing address of Home and proof of property insurance (hazard).

Number of Bedrooms: _____

EXHIBIT C

Form of Owner's Notice of Intent to Transfer

To: Village of Arlington Heights ("Village")

From: _____ [name of owner(s)] ("Owner(s)")

Address of Home: _____ ("Home")

Date: _____

Please be notified pursuant to Section 7 of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase between Owner and Village of Arlington Heights dated _____ (the "Resale Agreement"), that the Owner intends to transfer the Home listed above.

A. The following information is provided to the Village pursuant to Section 7 of the Resale Agreement:

1. Address of Home: _____
2. Date Owner purchased Home: _____
3. Purchase Price paid by Owner when Home was purchased: _____
4. Date Owner intends to vacate Home: _____
5. Date Home will be placed on market: _____
6. Name and phone number of person for Village to contact to schedule inspection:
_____ and _____
(name) (phone number)

B. As required by Section 7 of the Resale Agreement, the following documents are attached to this Notice: Copy of HUD-1 Settlement Statement from Owner's purchase of the home.

C. I have not yet listed the Home for sale with a multiple listing service, or contacted a real estate broker or financial institution. I agree to prepare the Home for sale by:

1. allowing the Village or its designee to inspect the Home within 30 days of this notice,

2. if requested by the Village following the Village's inspection, I will obtain a home inspection report from a licensed home inspector,

3. maintaining utility connections until the Home is transferred,

4. permitting a walk through by the Village prior to close of escrow or the transfer.

This Owner's Notice of Intent to Transfer is certified by Owner to be true and correct and is signed on _____ **[insert date]** under penalty of perjury.

By: _____
Owner

By: _____
Owner

EXHIBIT D

Form of Owner Acknowledgement of Village Response Notice

Name: _____

Address of Home: _____

Date: _____

I, _____ (insert name) hereby acknowledge that I received the Village Response Notice (as described in Section 9 of the Resale Agreement on _____ (insert date)).

By: _____

EXHIBIT E

Form of Owner Request for Village Subordination
to Refinanced First Mortgage Loan

To: Village of Arlington Heights ("Village")
From: _____ ("Owner")
Property Address: _____ ("Home")
Date: _____

The Owner hereby requests the Village to approve the Owner's refinance of the existing first mortgage on the Home. The Owner provides the following information which it certifies to be true and correct:

1. Original Purchase Price of Home: \$ _____
2. Original Principal Balance of exiting First Mortgage Loan \$ _____
3. Interest Rate of Existing First Mortgage Loan: \$ _____
4. Outstanding Principal and Interest on existing First Mortgage Loan (as of date of this Request) \$ _____
5. Outstanding Principal and Interest due on all other mortgage loans on the Home. \$ _____
 - (a) \$ _____
 - (b) \$ _____
6. Principal Amount of Proposed New First Mortgage Loan: \$ _____
7. Interest Rate of Proposed New First Mortgage Loan: \$ _____

Name, Address and Telephone Number of the Proposed New First Mortgage Lender: _____

The Owner hereby certifies the above information is true and correct and this Owner Request is executed under penalty of perjury on _____ (insert date).

By: _____
Owner

By: _____
Owner

EXHIBIT F

Calculation of Maximum Resale Price.

The maximum resale price shall be the lowest of the following:

Indexed Value

A. Start with the Purchase Price paid by the selling Owner (not including any real estate commissions, loan origination fees, appraisal fees, title insurance premiums, closing prorations, and other similar transaction costs) (the "Start Price").

B. Add to the Start Price, the amount of permissible Appreciation as derived by multiplying the Start Price by the actual percentage change in the AMI as determined by HUD (for a two persons household for the one-bedroom units and the three person household for the two-bedroom units), starting with the date of the Owner's purchase of the Home (the "Start Date") to the date of the Owner's sale of the Home (the "End Date"), up to a maximum of 3.5% per year

C. Subtract Excessive Damage Amount, if any.

Index Value Worksheet

A. HUD 80% of Area Median Income for a household size of 2 for a one-bedroom unit and household size of 3 for a two-bedroom unit at the time the owners purchased:

B. HUD 80% of Area Median Income for a household size of 2 for a one-bedroom unit and household size of 3 for a two-bedroom unit at the time of resale: _____

C. Percentage increase in Area Median Income for the applicable household size during the period of ownership (up to 3.5% per year): _____

Start Price: _____

X percentage increase in Area Median Income (from c. above): _____

Allowed appreciation/increase to initial purchase price: _____

Maximum Resale Price:

Owner's Start Price: _____

Allowed increase to initial purchase price: + _____

Excessive Damage Amount: - _____

Maximum resale price: _____

Affordability Cap

- A. Determine the appropriate household size (a two persons household for the one-bedroom units and the three person household for the two-bedroom units).

- B. Identify 80% of median income for the appropriate household size as determined by HUD for the appropriate household size.

- C. Determine monthly household allowance for housing payment.
 - Multiply 30% of 80% of annual median income for the appropriate household size.

 - Divide amount by 12 for monthly allowance.

- D. Determine the maximum sales price that the monthly household allowance for housing payment can support using the average national interest rate for a 30-year fixed rate mortgage for the past 6 months plus .25%, a 10% down payment, the assessments, homeowners insurance, homeowner association dues, and property taxes.

- E. Subtract Excessive Damage Amount, if any.

Affordability Cap Worksheet

- A. 80% of Area Median Income for household size of 2 persons for a one-bedroom unit and 3 persons for a two-bedroom unit in year of resale: _____

- B. Monthly Income (a. divided by 12): _____

- C. Housing allowance of 30% (b. x .30): _____

- D. Purchase price that can be supported by monthly housing allowance using the average national interest rate for a 30-year fixed rate mortgage for the past six months plus .25%, a 10% down payment, the assessments, homeowners insurance, homeowner association dues, and property taxes _____

- e. Subtract Excessive Damage Amount: _____

- f. Maximum resale price: _____

Fair Market Value

- A. Fair Market Value as determined by a qualified real estate appraiser approved in writing in advance by the Village.

- B. Subtract Excessive Damage Amount, if any.

EXHIBIT G

**TIMBER COURT
PROCESS FOR REQUESTING TO LEASE AFFORDABLE UNITS**

Owners of affordable units in Timber Court Condominiums may apply to the Village of Arlington Heights for an exception to the prohibition against leasing units.

Units may only be rented to households with annual incomes that are at or below the maximum income level for a moderate income household (80% of area median income for the Chicago area), adjusted for household size. These maximum income levels are determined by the U.S. Department of Housing and Urban Development (HUD) on an annual basis.

For a one-bedroom unit, the monthly rent may not exceed 30% of 1/12th of the maximum annual income for a moderate income household (80% of area median income for the Chicago area) for a household size of 2 persons less a utility allowance as determined by the Village. For a two-bedroom unit, the monthly rent may not exceed 30% of 1/12th of the maximum annual income for a moderate income household (80% of area median income for the Chicago area) for a household size of 3 persons less a utility allowance as determined by the Village. The Village will provide the amounts of the maximum monthly rents upon request by the owner of the unit.

Example of rent amount determination:

One-Bedroom Unit – Year: 2013

Moderate income for a household size of 2:
\$47,150

Utility allowance: \$150/month

$\$47,150/12 = \$3,929 \times .30 = \$1,178$

$\$1,178 - \$150 \text{ utility allowance} = \$1,028 \text{ max rent}$

Two-Bedroom Unit – Year: 2013

Moderate income for a household size of 3
\$53,050

Utility allowance: \$150/month

$\$53,050 / 12 = \$4,421 \times .30 = \$1,326$

$\$1,326 - \$150 \text{ utility allowance} = \$1,176 \text{ max rent}$

The Village will provide the amounts of the maximum monthly rents upon request by the owner of the unit.

Process:

1. The Owner shall submit a request in writing to lease the unit, using the attached Form of Owner's Request to Lease Unit, to the Department of Planning & Community Development. Requests to lease for less than six months or more than 12 months will be returned as not qualified.
2. Based on the information submitted, the Village will issue either:

An approval of the Owner's Request to Lease Unit, which shall include the name of the approved tenant, the monthly rental amount and the term of the lease; OR

A denial of the Owner's Request to Lease Unit. Requests shall be denied if:

- 1) the lease period is for less than 6 months, or
- 2) the proposed tenant's annual income exceeds the maximum for the unit, or
- 3) the proposed rental rate exceeds the maximum for the unit.

3. The Owner may request an extension of an approved leasing period, or a request to lease the unit to another tenant, by submitting another Owner's Request to Lease Unit. If it is for an existing tenant, the form should be submitted not less than 60 days before the expiration of the current Lease.

**TIMBER COURT
OWNER'S REQUEST TO LEASE UNIT**

Applicant's Name: _____ ("Owner(s)")

Address of Home: _____ ("Home")

Date: _____

The Owner hereby requests approval by the Village to leasing of the above-referenced Home, which is a unit in the Timber Court condominiums.

The following information is provided to the Village pursuant to the Amendment to the Buyer's Occupancy and Resale Restriction Agreement:

A copy of the proposed lease showing:

1. The proposed leasing period. Leases must be for a minimum of six months (as per Section 9.01 of the Declaration of Condominium). Leasing periods approved by the Village shall be for no more than 12 months, but they may be renewed at the sole discretion of the Village.

The proposed leasing period (start and end dates of the proposed lease):

2. The monthly rent to be charged for the unit. The monthly rent may not exceed 30% of 1/12th of the maximum annual income for a moderate income households (80% of area median income for the Chicago area) for a household size of 2 persons in the case of a one-bedroom units and 3 persons in the case of a two-bedroom unit less a utility allowance as determined by the Village. Maximum rental rates will be provided by the Village's Department of Planning & Community Development upon request.

The proposed monthly rent for the term of the proposed lease is: \$_____/month.

3. Name of the Lessee and the names and annual incomes of all persons who are 18 years and older who will be occupying the unit. Third party verification of the annual income(s) of the tenant(s) must be provided and attached. Third party evidence may include the tenant's most recent pay stub or a signed federal income tax return.

The annual income is \$_____.

EXHIBIT H

TIMBER COURT PROCESS FOR REQUESTING SALE OF AFFORDABLE UNITS TO INVESTMENT BUYERS

Owners of affordable units in Timber Court Condominiums may apply to the Village of Arlington Heights for an exception to the restriction that units may be sold only to persons at or below moderate income who will be owner-occupants of the units.

The Village will permit the selling of affordable units as non-owner occupied. These units can than be rented to tenants using the affordable guidelines and the Process for Requesting to Lease Affordable Units. The sale will be subject to an additional deed restriction that limits the rental and restates that any future sale is still governed by the original deed restrictions.

Process:

1. The Owner shall notify the Village of his/her intention to sell the unit to an investment buyer, using the Village's form for the Owner's Request to Sell an Affordable Unit to an Investment Buyer.
2. The Owner shall provide the Village with contact information for the investment buyer.
3. The Village shall provide the prospective investment buyer with a modified Buyer's Occupancy Resale and Restriction Agreement which must be signed by the investment buyer prior to closing. This Agreement includes the restrictions that the unit may only be rented to a household at or below moderate income level and at an affordable rent.
4. On or before February 1 of each year that an investment buyer rents affordable units, the investment buyer must submit an Affordable Housing Compliance Report to the Village on a form approved by the Village (sample attached).

OWNER'S REQUEST TO SELL AN AFFORDABLE UNIT TO AN INVESTMENT BUYER

Owner: _____

Address of Home: _____

Date: _____

Provide a copy of the Sales Contract with this form.

I am requesting approval by the Village for the sale of the above-referenced affordable unit to an investment buyer. I acknowledge that I have informed the prospective buyer about the leasing and sale restrictions on this unit.

Owner

Contact information about the prospective buyer:

Name: _____

Mailing Address: _____

Email Address: _____

**VILLAGE OF ARLINGTON HEIGHTS
AFFORDABLE RENTAL HOUSING COMPLIANCE REPORT**

Year _____

Development Name: _____

Number	Last Name of Tenant	Number of Affordable Unit	Gross Annual Income of Tenant	Monthly Rent	Lease Start and End Dates
1					
2					
3					
4					

The Village of Arlington Heights provides information on the calculation of gross annual income.

Once initially eligible for an affordable rent unit, the resident remains an eligible tenant throughout their residency in that unit. Rents may be adjusted upward no more than annually and may not exceed the maximum rents under the program during the lease period.

By: _____
Name of Owner or Agent of Owner (Company Name)

By: _____
Signature of Owner or Agent of Owner

Return to: Village of Arlington Heights
Department of Planning & Community Development
33 S. Arlington Heights Rd.
Arlington Heights, IL 60005
Phone: 847-368-5200
Fax: 847-368-5988

Attachment C

Affordable Housing Finance and Tax Benefit Tools

The following are affordable housing finance and tax benefit tools:

Illinois Housing Development Authority www.ihda.org

- I-Loans, I-Loan 40
- G-I Loans for Heroes
- Regional Housing Initiative program
- Affordable Housing Trust Fund
- HOME Program
- Conduit Bond Financing
- IHDA Enhance Bond Financing
- Risk Share
- Low Income Housing Tax Credits
- Illinois Affordable Housing Tax Credits
- Rental Housing Support program

Federal Home Loan Bank of Chicago www.fhlbc.com

Historic Preservation Tax Credits <http://www.state.il.us/hpa/ps/taxcredits.htm>

Good Homes Good Schools – Public Act 095-0330

Fannie Mae www.fanniemae.com

LISC www.lisc.com

Illinois Facilities Fund www.iff.org

Urban Land Institute – The Preservation Compact www.uli.org

U.S. Department of Housing and Urban Development

Private Foundations

Village Programs:

First-Time Homebuyer Program (IHDA/HOME-funded)

ASSIST homebuyer program

IHDA HELP and Mortgage Credit Certificate first-time homebuyer programs

Partnerships/Linkages:

Partnerships with non-profit affordable housing developers/managers

Cook County Assessor's Special Programs office

Metropolitan Planning Council (consulting/technical assistance) www.metroplanning.org

Metropolitan Mayors Caucus (consulting/technical assistance) www.mayorscaucus.org

Contact the Village of Arlington Heights or sponsoring organization for more information.

Attachment D

Timber Court Condominiums Arlington Heights, Illinois

Timber Court is an approved 108-unit condominium complex located in Arlington Heights, IL. Timber Court will provide 21 units of for-sale, affordable housing (20% of the total number of units). The units will be sold and re-sold to households at or below 80% of the area median income (adjusted for household size) for the Chicago, IL area. Initial sale prices are \$132,800 for a one-bedroom unit and \$143,900 for a 2-bedroom unit.

The units will be kept permanently affordable via provisions of the Declaration of Condominium, the Development Agreement, and the Buyer's Occupancy and Resale Restriction Agreement signed by the homebuyers.

The development is privately financed. Actions taken by the Village included zoning changes, amendment to the Comprehensive Plan, and various variations from the zoning Code. The Village is providing a grant of \$100,000 for road improvements.

For more information call:
Village of Arlington Heights
Department of Planning & Community Development
(847)368-5214

