AUTUMN WOOD II

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DECLARATION OF RESTRICTIVE COVENANTS
(Housing Development Assistance Program) (Lease-Purchase)

This Declaration of Restrictive Covenants is made, given, and conveyed this 25th day of September, 2003, by AUTUMN WOOD II LIMITED PARTNERSHIP, an Ohio limited partnership, having its principal office at 4334 Glendale-Milford Road, Cincinnati, Ohio 45242, on behalf of itself, its successors and assigns (the "Declarant") to and for the benefit of the Ohio Housing Finance Agency, its successors and assigns who hereafter administer the Housing Development Assistance Program on behalf of the State of Ohio (the "Agency").

RECEITALS

The Declarant holds fee simple title to the Real Property described in Exhibit A (attached hereto) (the "Real Property"). There are situated on the Real Property 42 single-family dwelling units known as "Autumn Wood Village II" (said Real Property, dwelling units, and appurtenant improvements being hereinafter referred to as the "Project").

Declarant has requested the Agency to extend funding to Preferred Properties, Inc. ("Borrower"), for the intended benefit of Declarant through the Housing Development Assistance Program pursuant to the Agency's participation in the HOME Investment Partnerships Act Program. Contemporaneously with the execution of this Declaration, the Agency is extending to Borrower a loan in the principal amount of Two Hundred Fifty Thousand Dollars ($250,000) (the "HDAP Loan") to be used by Borrower for the benefit of the Project in accordance with the terms of a certain Funding Agreement between Borrower, Declarant and Agency, effective as of January 29, 2003 (the "Funding Agreement").

Declarant is executing this Declaration causing it to be recorded to memorialize of public record certain obligations of the Funding Agreement with respect to the Project.

DECLARATION

NOW, THEREFORE, in consideration of the HDAP Loan extended by Agency and disbursed to Borrower, for the intended benefit of Declarant pursuant to the Funding Agreement and any other document evidencing or governing the HDAP Loan, and for other good and valuable consideration, Declarant, on behalf of itself, its successors and assigns, hereby makes, declares, grants, and conveys this Declaration of Restrictive Covenants to create, encumber, and impose upon the Project the covenants and obligations hereinafter set forth (the "Housing Covenants"). Declarant agrees that Declarant, its successors and assigns, shall have, hold, occupy and possess the Project subject to and in conformance with the Housing Covenants. Declarant agrees that the Housing Covenants shall bind, encumber, and run with the title to the Project in the manner and for the term set forth in this Agreement.

1. Affordability Period. Declarant hereby establishes and declares an "Affordability Period" for the Project. The covenants hereinafter set forth shall encumber the Project and remain in full force and effect during the Affordability Period, unless amended in the manner hereinafter provided. The Affordability period shall commence on the Final Reporting Date as defined in the Funding Agreement. The Affordability Period shall continue for a period of thirty (30) years from such commencement date. The Agency may execute and file an Amendment to this Declaration specifying the commencement date and expiration date of the Affordability Period.
Notwithstanding the foregoing or any other provisions herein to the contrary, following the acquisition of the Project by the Borrower or another qualified nonprofit corporation and the subsequent sale of individual dwelling units in the Project to eligible homebuyers pursuant to a lease-purchase arrangement, the Affordability Period may be terminated on earlier dates, on a unit-by-unit basis, in accordance with the Agency’s published guidelines, as amended on September 17, 2003.

2. **Rent and Occupancy Obligations.** During the Affordability Period, Decedent shall lease and operate the following number of dwelling units of the Project as "Restricted Units":

<table>
<thead>
<tr>
<th>Nos. of Units</th>
<th>Affordability</th>
<th>Eligible Occupant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Rate</td>
<td>Income Rate</td>
</tr>
<tr>
<td>5</td>
<td>35%</td>
<td>35%</td>
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<tr>
<td>4</td>
<td>35%</td>
<td>35%</td>
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<tr>
<td>8</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td>6</td>
<td>48%</td>
<td>60%</td>
</tr>
<tr>
<td>17</td>
<td>48%</td>
<td>60%</td>
</tr>
</tbody>
</table>

For purposes of identifying and defining the "Restricted Units" of the Project, the following definitions shall apply:

**Restricted Unit:** A Project Unit that satisfies both of the following criteria: (i) the unit is occupied by an "Eligible Occupant" and (ii) the rent charged for such occupancy is less than or equal to the applicable "Affordable Rent". The aggregate amount of rent computed for a Restricted Unit shall include the Utility Expense Allowance for such Unit and all other recurring, customary rental charges arising from the occupancy of such Unit. Recipient may move/float a "Restricted Unit" designation among the Project units.

**Eligible Occupants:** Households having "Household Income" less than or equal to the percentage of the "Area Median Income" ("AMI") provided below (the "Income Rate"). The AMI is established by the U.S. Department of Housing and Urban Development for the county in which the Project is located.

**Household Income:** As defined in 24 Code of Federal Regulations, Part 5.609, and assuming 1.5 persons per bedroom of each dwelling unit.

**Affordable Rent:** The Affordable Rent required for each Unit Type of Restricted Unit shall be computed as follows: (1) Multiply the number of bedrooms by 1.5 to compute "household size"; (2) Determine the AMI for that household size for the County in which the Project is located (the "Household AMI"); (3) Multiply such Household AMI by the Affordability Target Rate to determine the "Targeted AMI", and (4) Multiply the Targeted AMI by 30% to determine the maximum amount of Affordable Rent.

**Utility Expense Allowance:** Provided by the public housing authority serving the jurisdiction in which the Project is located or, in the event the Project jurisdiction is not served by a public housing authority, by such other reference source as may be reasonably determined by the Agency.
3. **HDAP Monitored Units.** During the Affordability Period the following numbers and types of units shall be designated as "HDAP-assisted Units" that shall be subject to the reporting requirements set forth in the Funding Agreement and to periodic monitoring by the Agency:

**Nos. of Units**

2

4. **Continuing Compliance.** Declarant shall reexamine on an annual basis the income of each 'Eligible Occupant' living in a Restricted Unit. The maximum Affordable Rent shall be recalculated by Declarant annually. Declarant shall provide occupants of Eligible Units not less than thirty days prior written notice before implementing any increase in rent. The Project shall be considered in compliance with the above requirements despite temporary violations thereof as long as such noncompliance results from increases in the incomes of existing occupants and Declarant, after notice of such income increases, promptly undertakes actions satisfactory to the Agency to memorialize and enforce the above-described Rent and Occupancy Obligations.

5. **Additional Declarant Covenants.** Declarant further covenants and agrees to keep, observe, and perform all of the following covenants and obligations during the Affordability Period:

a. Declarant shall not refuse to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 solely because of such eligibility status.

b. Declarant shall comply with the requirements of the federal Fair Housing Act in effect from time to time, as amended.

c. During customary and reasonable business hours the Agency and its agents or employees shall be allowed to enter upon and inspect the Project and to inspect all books and records pertaining to the Project, whether held by Declarant or by any managing agent of Declarant.

d. Declarant shall complete and send to the Agency an annual status report, or, if requested by an authorized official of the Agency, more frequent reports, in form and content acceptable to the Agency, which shall demonstrate ongoing compliance with this Agreement.

e. In the event Declarant sells or otherwise transfers ownership of the Project, Declarant shall first deliver to the Agency prior written notice of all terms and conditions of such sale or transfer. Declarant shall sell and convey the Project subject to the terms and obligations of this Declaration (including any amendments or modifications hereto), which terms and obligations shall be expressly referenced in the deed conveying the Project.

6. **Enforcement.** It is the intent of the parties hereto that this Agreement constitutes covenants that run with the land and the Agreement is therefore binding on all successors and assigns of each party. In the event of any violation of any of the covenants of this Instrument, the Agency may enforce these covenants by instituting proceedings at law or in equity or both in order to restrain such violation, enforce compliance, collect all costs or damages caused by such violation, or any other available remedies. Declarant shall indemnify and hold the Agency harmless against all cost and expenses incurred by the Agency to enforce the covenants of this Instrument, including without limitation court cost, costs of litigation, and reasonable attorney fees to the extent permitted by applicable law.
7. **Miscellaneous.** This Declaration shall constitute an "Agreement" between the parties which is enforceable in the courts of the State of Ohio by the Agency. The invalidity of any clause, part, or provision of this Declaration shall not affect the validity of the remaining portions. These covenants may, from time to time, be amended only with the written consent of the Agency and the Declarant.

IN ACKNOWLEDGEMENT WHEREOF, the Declarant has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

Declarant:

Autumn Wood II Limited Partnership
an Ohio limited partnership

By: ALG Autumn Wood II, Inc.,
an Ohio corporation

By: [Signature]

Title: Vice President

And by: Preferred Properties Autumn Wood II, Inc.

By: [Signature]

Lewis S/ Ellis, President

STATE OF OHIO, COUNTY OF HAMILTON , SS:

The foregoing instrument was acknowledged before me this 26th day of September, 2003, by [Signature]

[Signature]

Notary Public
STATE OF OHIO, COUNTY OF LUCAS, SS:

The foregoing instrument was acknowledged before me this 15th day of September, 2003, by Lewis S. Ellis, the President of Preferred Properties Autumn Wood II, Inc., one of the General Partners of Autumn Wood II Limited Partnership, on behalf of said corporation and limited partnership.

[Signature]
Notary Public

This document was prepared under the direction of:
Ohio Housing Finance Agency

[Signature]
Shirley Sowles
Notary Public, State of Ohio
Commission Expires: 6-20-06
EXHIBIT A
(Autumn Wood, Phase II)

TRACT I (Biniker)

PARCEL 1

Being Lot Nos. 25, 29, 40, and 81, in Biniker's Country Trail Estates Plat One, a Subdivision in the City of Toledo, Lucas County, as set forth in Plat Volume 79, page 47 of the Lucas County, Ohio Plat Records.

PARCEL 2

Being Lot Nos. 95, 96, 128, 132, 135, 137, 138, 141, 143, 144, 145, 147, 148, 149, 150, 151, 153, and 167, in Biniker's Country Trail Estates Plat Two, a Subdivision in the City of Toledo, Lucas County, Ohio, as set forth in Plat Volume 89, page 63 of the Lucas County, Ohio Plat Records.

TRACT II (fka McNamara Tract)

Situated in the West half (1/2) of the Southeast quarter (1/4) of the Southwest quarter (1/4) of Section seven (7), Town three (3), United States Reserve, in the City of Toledo, Lucas County, Ohio, and being more particularly described as follows:

Being all of Lot Nos. 49 through 68 as set forth on the subdivision plat for Autumn Wood Village Plat 22 recorded August 15, 2003 as Instrument No. 20030815-0054976 of the Lucas County, Ohio Plat Records.