

WORKFORCE HOUSING RESTRICTIVE COVENANT

(27700 Southfield Road, Lathrup Village, MI)

This Workforce Housing Restrictive Covenant (“Restrictive Covenant”) is made as of _____, 2025 by and between the City of Lathrup Village (“Municipality”), a Michigan municipal corporation, whose address is 27400 Southfield Road, Lathrup Village, MI 48076, and The Surnow Company. (“Sponsor”) a Michigan limited liability company, whose address is 320 Martin Street, Suite 100, Birmingham, MI 48009.

R E C I T A L S:

A. Sponsor is the owner of certain real property in the City of Lathrup Village, County of Oakland, Michigan, as more particularly described in the attached Exhibit A (the “Property”), which is incorporated by reference into this Restrictive Covenant.

B. Sponsor has offered to construct one or more buildings located on the Property to provide one hundred forty-five (145) units of workforce housing (the “Project”) and has applied to Municipality for a workforce housing exemption from *ad valorem* property taxes under Section 15a of the State Housing Development Authority Act, being Public Act 346 of 1966, as amended (the “Act”).

C. In consideration of Sponsor’s offer to undertake the Project, Municipality has agreed to exempt the Project from all *ad valorem* property taxes imposed by any taxing jurisdiction and to accept in lieu thereof payment of an annual service charge for a period of fifteen (15) years as provided by Workforce Housing PILOT Ordinance, Ordinance No. 2025-01 and Workforce Housing PILOT Resolution No. _____ (the “PILOT Resolution”).

D. The annual service charge paid in lieu of all *ad valorem* property taxes for the Property is equal to the greater of the minimum annual service charge (\$120,000 increased annually 5% or the rate of inflation, whichever is less,) or 4.5% of the Annual Shelter Rents collected from the Project and must be paid as provided in the PILOT Resolution.

E. Sponsor and Municipality agree that the economic feasibility of the Project depends upon the continuing effect of the annual service charge in lieu of all *ad valorem* taxes approved by Municipality for the 15-year exemption period.

F. Accordingly, upon recording with the Oakland County Register of Deeds, this Restrictive Covenant will restrict use of the Project to workforce housing for the 15-year exemption period.

NOW, THEREFORE, in consideration of Municipality’s acceptance of payment of the annual service charge in lieu of all *ad valorem* property taxes and Sponsor’s commitment to construct the Project, Sponsor and Municipality hereby covenant as follows:

1. **Definitions.** All words and phrases used in this Restrictive Covenant have the same meaning as defined in the Act and/or the PILOT Resolution.

2. **Workforce Housing Covenant.** The Project will, upon completion of the proposed construction, constitute workforce housing with rents reasonably affordable to households consisting of persons and families whose household income is not greater than 120% of the area median income, as published by the U.S. Department of Housing and Urban Development, adjusted for family size. All of the housing units in the Project will be rented, or available for rental, on a continuous basis to members of the general public throughout the term of this Restrictive Covenant.

3. **Term of Exemption.** The exemption from *ad valorem* property taxes approved by Municipality shall remain in effect in accordance with this Restrictive Covenant restricting use of the Project to workforce housing for a period of fifteen (15) years, the Term of the PILOT shall commence twelve months after both (i) the construction of the Housing Project has been completed and (ii) the Housing Project has received a certificate of occupancy, in order to allow for an appropriate lease-up time for the residential units. __, or so long as the Project is used as workforce housing, whichever is less, and subject to any extension(s) as further outlined herein. Notwithstanding the foregoing, the minimum annual service charge shall commence after December 31st of the year in which the construction of the Housing project begins. The exemption shall automatically terminate upon the foreclosure or the giving of a deed in lieu of foreclosure for the Property.

4. **No Violation.** Sponsor agrees that it will not knowingly take or permit any action that would result in a violation of the requirements of this Restrictive Covenant, the PILOT Ordinance or the PILOT Resolution which are each incorporated herein as if a part of this Restrictive Covenant. Further, Sponsor agrees to take any required action, including the amendment of this Restrictive Covenant, as may be necessary, in the determination of the Municipality or of the Michigan State Housing Development Authority (the "Authority"), to comply with the PILOT Ordinance and PILOT Resolution.

5. **No Violation for Increase in Income.** Units in the Project will continue to qualify as workforce housing units hereunder despite a temporary noncompliance with this Restrictive Covenant, if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to the Municipality are being taken to ensure that all vacancies are otherwise filled in accordance with the PILOT Resolution until the noncompliance is corrected.

6. **Sponsor to Demonstrate Compliance.** Sponsor will provide Municipality with such certifications, reports, and other information as required by the PILOT Resolution to demonstrate compliance with the PILOT Ordinance and PILOT Resolution. Sponsor will provide Municipality and Authority with an annual verification of compliance with this Restrictive Covenant, in a form specified by the Authority.

7. **Transfer of Ownership.** Sponsor will, prior to a sale or other voluntary transfer of ownership of the Project or any part thereof, notify Municipality in writing, and will enter into any agreements with the purchaser or transferee as may be reasonably prescribed by Municipality to ensure such purchaser's or transferee's compliance with this Restrictive Covenant and Michigan law.

8. **Enforceability.** This Restrictive Covenant is enforceable by Municipality in any court in the State of Michigan having jurisdiction thereof.

9. **Covenant Running with the Land; Binding Effect.** This Restrictive Covenant shall encumber the Property and constitute and be enforced as a covenant running with the land under Michigan law and shall be binding on all successors or assigns of Sponsor or Municipality and any future owner or operator of the Project for the full fifteen (15)-year exemption period.

10. **Extension.** In the event that the Housing Project continues to provide , workforce housing, as defined in Workforce Housing Ordinance, after expiration of the initial fifteen (15) years, the parties may exercise up to three (3), five (5), year options or for as long as required by MSHDA, MEDC or any other state, federal or conventional lending institution, to extend the PILOT Resolution and shall record a new restrictive covenant for each such extension in a form acceptable to the Municipality's attorney and as executed by the Municipality. Any such new restrictive covenant must be recorded with the Oakland County Register of Deeds.

11. **Miscellaneous.** In the event of any conflict between the terms of this Restrictive Covenant and the requirements of the PILOT Resolution, the requirements of the PILOT Resolution shall prevail. This Restrictive Covenant may only be amended or terminated by a writing signed by both Sponsor and Municipality or by operation of law. The invalidity of any clause or provision of this Restrictive Covenant shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, is this Restrictive Covenant is effective as of _____, 2025.

[Signature Pages Follow]

[SIGNATURE PAGE TO WORKFORCE HOUSING RESTRICTIVE COVENANT]

CITY OF LATHRUP VILLAGE,
a Michigan municipal corporation

By: _____
Mykale Garrett, Mayor

STATE OF MICHIGAN)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this day of _____, 2025
by Mykale Garrett, as Mayor of the City of Lathrup Village, a municipal corporation of the State of
Michigan, on behalf of the Municipality.

Notary Public, _____ County, MI
My Commission Expires: _____
Acting in _____ County, MI

[SIGNATURE PAGE TO WORKFORCE HOUSING RESTRICTIVE COVENANT]

SPONSOR:

The Surnow Company
a Michigan limited liability company

By: _____

Print Name: _____

Title: _____

STATE OF MICHIGAN)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this day of _____, 2024
by _____, the _____ of The Surnow Company L.L.C., a
Michigan limited liability company, on behalf of Sponsor.

Notary Public, _____ County, MI

My Commission Expires: _____

Acting in _____ County, MI

DRAFTED BY:

Scott Baker ,Esq, Lathrup Village City Attorney
27400 Southfield Road
Lathrup Village, MI
48076

WHEN RECORDED RETURN TO:

Lathrup Village Clerk
27400 Southfield Road
Lathrup Village, MI
48076

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

*LAND SITUATED IN THE CITY OF LATHRUP VILLAGE, COUNTY OF OAKLAND, STATE OF MICHIGAN,
DESCRIBED AS FOLLOWS:*

*LOT 1677 AND VACATED SOUTHFIELD SQUARE, FORMERLY KNOWN AS MONTEREY STREET LYING
EASTERLY OF LOT 1677 AND WESTERLY OF LOTS 1665 TO 1689, EXCEPT THAT PART OF VACATED
SOUTHFIELD SQUARE LYING SOUTH OF A LINE DRAWN BETWEEN THE NORTHWEST CORNER OF OF
LOT 1680 AND A POINT 150 FEET FROM THE SOUTHEAST CORNER OF LOT 1677, ALONG THE
EASTERLY BOUNDARY OF SAID LOT 1677, LOUISE LATHRUP'S CALIFORNIA BUNGALOW SUBDIVISION
NO. 3, AS RECORDED IN LIBER 32 OF PLATS, PAGE 26, OAKLAND COUNTY RECORDS.*

TAX ID NUMBER: 40-24-13-303-021

ADDRESS: 27700 SOUTHFIELD ROAD, LATHRUP VILLAGE, MI 48076

MJ_DMS 36659451v5

DRAFT