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11/13/2015 12:29:24 PM Page: 1 of 8 \$31.00
COVENANTS MINOT GUARANTY & ESCROW COMPANY
Betty Braun, County Recorder Ward, ND



Recorder's Office, Ward, ND 11/13/2015 12:29:24 PM
I certify that this instrument was filed for record this date.
Betty Braun, County Recorder

by Betty Braun

2992075

Prepared by and after recording please return to:
North Dakota Housing Finance Agency
PO Box 1535
Bismarck, ND 58502-1535
Attn: Planning and Housing Development Division



ND 67 15-2435



**DECLARATION OF LAND USE RESTRICTIVE COVENANTS
NORTH DAKOTA HOUSING INCENTIVE FUND**
Planning and Housing Development Division
2/12

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS ("Declaration") is made this 7th of October, 2015 by Sunset Ridge I, LLLP, a North Dakota limited liability limited partnership, ("Owner"), with a mailing address of 3320 Westrac Drive South, Suite G, Fargo, ND 58103 and is binding upon the Owner's successors and assigns in interest, and is granted to the Industrial Commission of North Dakota acting as the North Dakota Housing Finance Agency ("NDHFA"), an instrumentality of the State of North Dakota, together with any successor to its rights, duties, and obligations, with an address at Post Office Box 1535, Bismarck, North Dakota, 58502-1535, as a condition precedent to the Owner being permitted to participate in the North Dakota Housing Incentive Fund ("HIF").

WHEREAS:

- (i) Owner is the owner of land and improvements used as a multifamily rental housing project located in Ward County, North Dakota, more particularly described on Exhibit A ("Land"), which Exhibit is by this reference made a part hereof at this place as though here fully set forth. The housing project is more commonly referred to as Sunset Ridge I ("Project"); and
- (ii) Beyond Shelter, Inc. applied to NDHFA for a loan of HIF funds to provide to the Owner to assist in the development of the Project, under the provisions of North Dakota Century Code chapter 54-17 and the HIF Allocation Plan as amended, and
- (iii) The HIF as administered by NDHFA, requires that as a condition to the making of the HIF loan requested by the Owner, that the Owner agree to execute, deliver and record with the Recorder of the County in which said Project is located, this Declaration in order to create certain covenants running with the land for the purpose of enforcing certain requirements which regulate and restrict the use, occupancy and transfer of the Project as set forth herein; and

- (iv) Owner, under this Declaration, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project and the Land, for the Period of Affordability stated herein and binding upon all subsequent owners of the Project and the Land for such Period of Affordability, and are not merely personal covenants of the Owner. Therefore, in consideration of the premises, and of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Owner, Owner declares, covenants and agrees as follows:

SECTION 1 - DEFINITIONS

Area Median Income ("AMI") refers to the maximum household income limits as published by the United States Department of Housing and Urban Development and is based on the actual number of persons residing in the household.

HIF Loan Documents include the application for HIF funding, the loan agreement, note, mortgage, and any other documents executed by the Owner in an effort to receive funding from HIF.

Period of Affordability is the period of time, during which the Project is subject to this Declaration. Owner, at this place, confirms that the Period of Affordability for this Project shall run through January 1, 2033.

SECTION 2- RECORDING AND FILING THESE COVENANTS WHICH RUN WITH THE LAND

Upon execution and delivery of this Declaration by the Owner, NDHFA shall cause this Declaration and any amendments hereto to be forthwith recorded with the County Recorder in Ward County, North Dakota, and shall pay all fees and charges incurred in connection therewith.

Owner intends, declares and covenants, on behalf of Owner and all future owners and operators of the Project during the Period of Affordability, that this Declaration and the covenants and restrictions set forth herein which regulate and restrict the use, occupancy and transfer of the Project and the Land shall be and are covenants running with the Project and Land, encumbering the Project and Land for the Period of Affordability hereof, binding upon the Owner's successors in title and all subsequent owners and operators of the Project and the Land, and are not merely personal covenants of the Owner, and shall bind the Owner, and the benefit shall inure to the NDHFA and any past, present or prospective tenants of the Project, and the NDHFA respective successors and assigns during the Period of Affordability hereof. The Owner agrees that any and all requirements of the laws of the State of North Dakota to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to have been satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternative, that an equitable servitude has been created to insure that these restrictions run with the land. For the Period of Affordability hereof, each and every contract, deed or other instrument hereinafter executed, encumbering or conveying the Project or any portion thereof shall expressly provide that such agreement is subject to this Declaration, provided however, that covenants contained herein shall survive and be effective regardless of whether such document provides that such instrument is subject to this Declaration.

SECTION 3 - REPRESENTATIONS, FURTHER COVENANTS AND WARRANTIES OF THE OWNER

The Owner hereby represents covenants and warrants as follows:

- (A) The Owner is a limited liability limited partnership formed under the laws of the State of North Dakota and is qualified to transact business under the laws of North Dakota. That Owner has

the power and authority to own its properties and assets and to carry on its business as now being conducted, and has the full legal right, power and authority to execute and deliver this Declaration.

- (B) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by the Declaration) or would materially adversely affect its financial condition.
- (C) The Owner agrees to comply fully with the requirements of the HIF as it may from time to time be amended or modified.
- (D) During the term of this Declaration, the Owner covenants, agrees and warrants that each Affordable Unit, as defined in Section 4 of this Declaration, is and will remain suitable for occupancy.

SECTION 4 - RENTAL LIMITATIONS AND TENANT INCOME RESTRICTIONS (FLOATING UNIT DESIGNATION)

HIF requires that a certain number of units in the Project be reserved for households at or below specified income levels, and that the rents charged for those units ("Affordable Units") be set at or below specified levels. The Owner represents, warrants, and covenants that throughout the Period of Affordability hereof and in order to comply with HIF, that:

- (A) Seven (7) units in the Project must be occupied by tenants with total household income at or below 30% of the AMI for the county in which the Project is located, as published by the United States Department of Housing and Urban Development. The maximum rent charged for these units shall be 30% of 30% of the AMI, calculated based on an assumed 1.5 persons per bedroom. If any utilities are paid directly by the tenant, the maximum rent must be reduced by the applicable utility allowance amount as approved by the Agency.
- (B) In addition to the Restricted Units identified in section 4(A) of this Declaration, an additional twenty-eight (28) units in the Project must be occupied by tenants with total household income at or below 80% of the AMI for the county in which the Project is located, as published by the United States Department of Housing and Urban Development. The maximum rent charged for these units shall be 30% of 50% of the AMI, calculated based on an assumed 1.5 persons per bedroom. If any utilities are paid directly by the tenant, the maximum rent must be reduced by the applicable utility allowance amount as approved by the Agency.
- (C) Tenant eligibility for Restricted Units will be determined by the Owner at the time of occupancy and re-examined at least annually. Tenants who no longer qualify under the HIF income restrictions (at the time of annual recertification) can still be considered to be occupying a HIF Restricted Unit until replaced by an income eligible household in a comparable unit. Rents for the over-income household will be limited to applicable HIF rent limits until the replacement unit is occupied.

SECTION 5 - TERMINATION

The Project will remain affordable for not less than the minimum Period of Affordability above provided in Section 1, without regard to the transfer of ownership, except upon foreclosure by NDHFA, or transfer in lieu of foreclosure. In the event of such foreclosure or transfer in lieu of foreclosure the Period of Affordability shall terminate. However, if at any time following the transfer by foreclosure or transfer in lieu of foreclosure, but still during the Period of Affordability the Owner of record prior to the foreclosure or

transfer in lieu of foreclosure, or any newly formed entity that includes the former Owner, or those with whom the former Owner has or had family or business ties, obtains an ownership interest in the Project, the Period of Affordability shall be revived according to its original term.

SECTION 6 - DEFAULT

- (A) Enforcement and Remedies. If Owner defaults in the performance of any of its obligations under this Declaration or breaches any covenant, agreement or restriction set forth herein or in the HIF Loan Documents, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by NDHFA, with a copy to the Investor Limited Partner of Owner at the address set forth in the Loan Agreement between Owner and Beyond Shelter, Inc., (or for an extended period approved in writing by NDHFA if breach stated in such notice can be corrected but not within such 60 day period, unless Owner does not commence such correction or commences such correction within such 60 day period but thereafter does not diligently pursue the same to completion within such extended period), NDHFA shall be entitled to apply to any court having jurisdiction of the subject matter for specific performance of the Declaration, for an injunction against any violation of the Declaration, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Declaration, or for such other relief as may be appropriate, it being acknowledged that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of Owner's default. NDHFA shall be entitled to its reasonable attorneys' fees in any such judicial action in which NDHFA shall prevail, except where prohibited by N.D.C.C. §28-26-04. The Investor Limited Partner of Owner shall have the right, but not obligation, to cure any default of Owner hereunder and such cure shall be deemed to have been given by Owner.
- (B) Remedies Cumulative. Each right, power and remedy of NDHFA provided for in this Declaration, now or hereafter existing at law or in equity by statute, or in the HIF Loan Documents or other related documents, or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power remedy provided for in this Declaration, or hereafter existing at law or in equity or by statute or in the HIF Loan Documents or otherwise, and the exercise or beginning of the exercise by NDHFA of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law, in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by NDHFA of any or all such other rights, powers or remedies.

SECTION 7 - MISCELLANEOUS

- (A) Successors Bound. This Declaration and the covenants and conditions contained herein shall run with the land and shall bind, and the benefits shall inure to, respectively, the Owner and NDHFA and their respective grantees, heirs, personal representatives, successors and assigns of all or any of them, or any interest(s) therein for the Period of Affordability as specified herein above in Section 1.
- (B) Additional Documents. The Owner shall submit any other information, documents or certifications requested by the NDHFA which NDHFA deems reasonably necessary to substantiate the Owner's continuing compliance with the HIF program.
- (C) Reasonable Access. The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Agency, to inspect any books and records of the Owner regarding the Project with respect to the incomes and rents of tenants in Affordable Units, including physical inspections of the Project to ensure compliance with HUD Housing Quality Standards or other applicable habitability standards.

- (C) Severability. The invalidity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.
- (D) Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses herein above set forth, or to such other place as a party may from time to time designate in writing to the other(s).
- (E) Applicable Laws. This agreement is governed by the laws of the state of North Dakota.
- (F) Assignment or Transfer. Owner may not assign or otherwise transfer or delegate any right or duty without the express written consent of NDHFA. Notwithstanding the foregoing, transfers permitted by Loan Agreement are hereby approved by NDHFA and shall not require any further consent.
- (G) Waivers. This agreement may not be waived, altered, modified, supplemented, or amended, in any manner, except by written agreements signed by both parties.
- (H) Compliance. Owner agrees to comply with all applicable laws, rules, regulations, and policies, including but not limited to those relating to non-discrimination, accessibility and civil rights.
- (I) Indemnity. Owner shall comply with all applicable federal, state, and local laws, rules, and ordinances at all times in the performance of this agreement, and shall conduct its activities so as not to endanger any person or property. Owner agrees to indemnify and save and hold harmless the NDHFA, its officers, directors, employees, and agents, and from any and all claims of any nature, including claims of employees or agents of the Owner, resulting from or arising out of the activities of Owner, its subcontractors, agents, officers, or employees.

Remainder of this page intentionally left blank – signature page follows.

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

OWNER: **SUNSET RIDGE I, LLLP**

By: Sunset Ridge I, LLC
Its: Managing General Partner

By: MHA SR I, LLC
Its: Co-General Partner

By: Beyond Shelter, Inc.
Its: Manager and Sole Member

By: Minot Housing Authority
Its: Manager and Sole Member

By: 

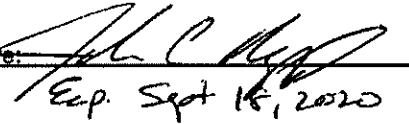
By: _____

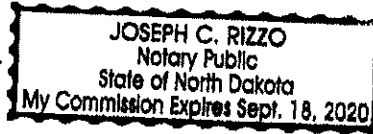
Print Name: Daniel P. Madler
Its: Chief Executive Officer

Print Name: Tom Alexander
Its: Executive Director

State of North Dakota
County of Cass

The foregoing instrument was acknowledged before me this 7th day of October, 2015 by Daniel P. Madler, Chief Executive Officer of Beyond Shelter, Inc., the manager of Sunset Ridge I, LLC, a North Dakota limited liability company, on behalf of the limited liability company.

Notary Signature: 
Exp. Sept 18, 2020



State of North Dakota
County of Ward

The foregoing instrument was acknowledged before me this 7th day of October, 2015 by Tom Alexander, Executive Director of Minot Housing Authority, the manager of MHA SR I, LLC, a North Dakota limited liability company, on behalf of the limited liability company.

Notary Signature: _____

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

OWNER: **SUNSET RIDGE I, LLLP**

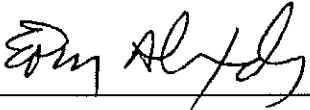
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By: Beyond Shelter, Inc.
Its: Manager and Sole Member

By: Minot Housing Authority
Its: Manager and Sole Member

By: _____

By:  _____

Print Name: Daniel P. Madler
Its: Chief Executive Officer

Print Name: Tom Alexander
Its: Executive Director

State of North Dakota
County of Cass

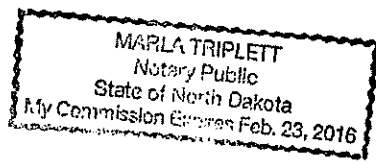
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State of North Dakota
County of Ward

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Notary Signature:  _____



**EXHIBIT A
LEGAL DESCRIPTION**

✓ Lot 1, Block 1, Sunset Ridge Addition to the City of Minot, Ward County, North Dakota.