

WHEN RECORDED MAIL TO:

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City of Phoenix  
251 West Washington  
4th Floor  
Phoenix, Az. 85003

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Escrow No. 1307989

**DO NOT REMOVE THIS COVER SHEET. IT IS NOW PART OF THE RECORDED DOCUMENT.**

**DOCUMENT TO BE RECORDED:**

**Special Warranty Deed**

**Project No. 123-11120**  
**Project Name: Sahuaro West Apartments**  
**Location: Phoenix, AZ**

STATE OF ARIZONA )

COUNTY OF MARICOPA )

Exempt A.R.S. 11-1134 (A-3)

**SPECIAL WARRANTY DEED**

That, Mel Martinez, Secretary of Housing and Urban Development (hereinafter referred to as Grantor) whose address is 801 Cherry Street, Ft. Worth, TX 76102, for and in consideration of the sum of **ONE HUNDRED THIRTY-ONE THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$131,200.00)** and other good and valuable considerations, to him in hand paid, the receipt of which is hereby acknowledged, has Granted, Sold and Conveyed, and by these presents does Grant, Sell and Convey unto the **City of Phoenix**, (hereinafter referred to as Grantee) whose address is 251 W. Washington, 4<sup>th</sup> Floor, Phoenix, AZ, all the following described property situated in the City of Phoenix, County of Maricopa, State of Arizona, and <sup>Unofficial Document</sup> more particularly described on the attached Exhibit "A" together with all improvements situated thereon, and;

TO HAVE AND TO HOLD, the above described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto the said Grantee, its successors and assigns forever.

SUBJECT to and as AFFECTED by, however, all covenants, easements, restrictions, reservations, conditions and rights appearing of record; and SUBJECT to any state of facts which an accurate survey would show.

GRANTOR hereby binds himself, his successors and assigns, to WARRANT and forever DEFEND, with the exceptions stated above, all and singular, the said property unto said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise.

SAID premises shall be subject to the following:

## I. AFFORDABILITY OF UNITS

### Use Restriction

1. The Grantee (Owner) must maintain the property as affordable housing for a period of twenty (20) years after the date of this Deed or such earlier time as the Grantor may specify in writing (the "Restricted Period").
2. Any change to the number or configuration of residential units required to be maintained, as affordable housing must receive prior written approval from HUD.
3. The Grantee (Owner) will not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

### Income Eligibility Limitation

1. During the Restricted Period, the Grantee (Owner) may not market 60 of the dwelling units for any purpose other than affordable housing for low-income families whose annual income does not exceed eighty percent (80%) of the area median income, adjusted for smaller or larger family size.
2. During the Restricted Period, the Grantee (Owner) will affirmatively market 15 units to very low-income families, whose adjusted annual income does not exceed fifty percent (50%) of area median income, adjusted for smaller or larger families at the time of initial occupancy. If the Grantee (Owner) is temporarily unable to lease all of the specified number of dwelling units to very low-income families, one or more units may be leased to families who are low-income but not very low-income, only with HUD's prior written approval. In requesting such approval, the Grantee (Owner) must demonstrate that:
  - (a) reasonable steps have been taken to attract very-low income families, including using marketing activities most likely to attract such eligible applicants, and
  - (b) has leased or is making good-faith efforts to lease the units to eligible and otherwise acceptable families, including taking all feasible actions to fill vacancies by renting to <sup>Unofficial Document</sup> ~~su~~ families, and
  - (c) has not rejected any such applicants except for reasons acceptable to HUD.

### Maintenance of Rents at Affordable Levels

1. For current tenants, affordable means the least of:
  - (a) for a unit occupied by a very-low income family, the unit rent does not exceed thirty percent (30%) of fifty percent (50%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for smaller and larger families, less a reasonable utility allowance for utilities paid by the tenant; or
  - (b) the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or
  - (c) Market Rent in the immediate area established by a rent comparability study prepared at the Grantee/Owner's expense in accordance with HUD requirements.
2. For new, or turnover tenants, affordable means the least of:
  - (a) the unit rent does not exceed thirty percent (30%) of fifty percent (50%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for smaller and larger family size, less a reasonable utility allowance for utilities paid by the tenant; or
  - (b) the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or
  - (c) Market Rent in the immediate area established by a rent comparability study prepared, at the Grantee's/Owner's expense in accordance with HUD requirements.

**Annual certification**

The Grantee (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

**II. LEAD-BASED PAINT HAZARDS**

1. In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35, Subpart E and §200.825 (the "Regulations"), Grantee covenants that any lead-based paint hazards will be abated in accordance with the Regulations. Grantee shall certify to Grantor (in a form acceptable to Grantor) and Grantor shall determine, through inspection or discretion, (the inspection and certification of a local government official) that all lead based-paint hazards have been removed from the Property in accordance with the Regulations.
2. Grantee understands and agrees that Grantor's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead based-paint and all potential lead-based paint hazards have been eliminated from the Property and does not relieve Grantee of the ongoing responsibility for complying with all applicable State and local lead based-paint laws and regulations.
3. Grantee agrees to indemnify, defend, and hold Grantor harmless from any liability arising by reason of Grantee's failure to perform Grantee's obligations under this Deed with respect to the elimination of lead based-paint health hazards, the prohibition against the use of lead based-paint, and Grantee's responsibility for complying with applicable State and local lead based-paint laws and regulations.
4. If temporary or permanent relocation is necessary because of such abatement, Grantee covenants to comply with paragraphs 5 through 8, below. Grantee covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as a <sup>Unofficial Document</sup>le, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
5. If temporary relocation is necessary because of such abatement, Grantee covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
  - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
  - (b) Expenses of returning to a repaired unit on the Property.
6. If permanent relocation is necessary because of such abatement, Grantee covenants to provide assistance, as described below, to tenants, as may be appropriate:
  - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Property.
  - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Grantor to be reasonable considering the household size and the circumstances surrounding the move.
7. The Grantee covenants not to increase the rent for any units, from the rent Grantor is requiring a tenant to pay on the Closing date, until such unit meets all the abatement requirements set forth in paragraph 1, above. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.
8. If Grantee fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Grantor, Grantor and any/all successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

### III. ASBESTOS HAZARDS

1. Grantee agrees to indemnify, defend, and hold Grantor harmless from any liability arising by reason of Grantee's failure to perform Grantee's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Grantee's responsibility for complying with applicable State and local asbestos laws and regulations.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Grantee covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §§290.17, as explained in paragraphs 4 through 6, below. Additionally, the Grantee covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Grantor. The Grantee is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Grantee covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Grantee covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
  - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the Unofficial Document any displacement period.
  - (b) Expenses of returning to a repaired unit on the Property.
4. If permanent relocation is necessary because of such rehabilitation, Grantee covenants to provide assistance, as described below, to tenants, as may be appropriate:
  - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
  - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Grantor to be reasonable considering the household size and the circumstances surrounding the move.
5. The Grantee covenants not to increase the rent for any units, from the rent Grantor is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.
6. If Grantee fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Grantor, Grantor and any/all successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

### IV. NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise

discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or Grantee is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by the Grantor.

This covenant shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the use restriction, which is **twenty** (20) years from the date of this Deed. In the event of a breach or a threatened breach of this covenant, the Grantor, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this covenant, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

#### V. ENFORCEMENT

The covenants set forth in this Deed shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the Grantee and any/all successors in office.

The Grantor shall be entitled to: Unofficial Document

1. Institute legal action to enforce performance and observance of these covenants,
2. Enjoin any acts which are violative of these covenants,
3. Exercise any other legal or equitable right or remedy with respect to these covenants.

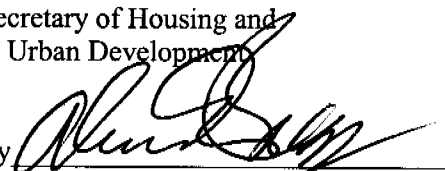
In addition, the covenants, if any, set forth in this Deed relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

**The effective date of this Deed is October 31, 2003.**

Should any of the above covenants be held invalid in whole or in part, it shall not affect or invalidate the balance of such covenant or any other covenants.

IN WITNESS WHEREOF, the undersigned on September 22, 2003, has set his hand and seal as Director, Office of Multifamily Housing, Fort Worth, Texas, for and on behalf of the said Secretary of Housing and Urban Development.

Mel Martinez  
Secretary of Housing and  
Urban Development

By   
Alvin E. Braggs, Director  
PD Center Fort Worth, Texas

STATE OF TEXAS        )  
                                  )  
COUNTY OF TARRANT )

Before me, the undersigned authority, on this day personally appeared Alvin E. Braggs, known to me to be the duly appointed Director, Ft. Worth Multifamily PD Center, Fort Worth, Texas, whose name is subscribed to the foregoing instrument, dated September 22, 2003, by virtue of the authority vested in him, and acknowledged to me that he executed the same as Director, Ft. Worth Multifamily PD Center, for and on behalf of Mel Martinez, Secretary of Housing and Urban Development, for the purpose and consideration therein expressed.

Given under my hand and seal this 22nd day of September, 2003.

*Carol D. Horton*

Carol D. Horton, Notary Public  
for Tarrant County, Texas

Unofficial Document

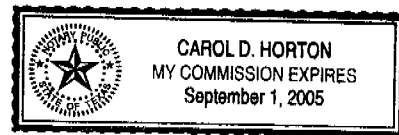


EXHIBIT A  
LEGAL DESCRIPTION

Lot 13, DESERT COVE EXTENSION, according to Book 31 of Maps, Page 13, records of Maricopa County, Arizona;

EXCEPT the South 10 feet of the East 150 feet of Lot 13, deeded to the City of Phoenix in Deed recorded May 2, 1985 as instrument No.85-199911, of Official Records.