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Cook County Recorder of Deeds
Date: 04/08/2005 02:11 PM Pg: 1 of 9

Donna Spicuzza
Housing Planner
City of Evanston
2100 Ridge Avenue
Evanston, IL 60201

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DECLARATION OF COVENANTS REGARDING TRANSFER OF PROPERTY

THIS DECLARATION OF COVENANTS REGARDING TRANSFER OR PROPERTY
(Declaration) dated as of APRIL 8, 2005 is made by Econ Development Corporation
(Owner), in favor of the City of Evanston, Illinois, the address of which is 2100 Ridge Avenue,
Evanston, Illinois 60201, Attention: Planning Division (City).

RECITALS

WHEREAS, the City has determined that there exists a shortage of decent, safe and
affordable housing within the City available for purchase by Eligible Buyers (defined below),
and that the creation and maintenance of such affordable housing is essential to the well-being,
stability and economic health of the City; and

WHEREAS, to assist in the creation and maintenance of affordable housing as described above,
the City has made a loan to Econ Development Corporation in the amount of \$292,500 under the
HOME Investment Partnership Program and the regulations issued thereunder and Title II, the
Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625 104 Stat. 4079
(1990), 24 C.F.R. Part 92 ("the HOME Program") subject to the conditions and covenants set
forth herein, for the construction of three townhomes located at a vacant parcel with the current
address of 1834 Darrow, Evanston, Illinois (each townhome will have a separate address once
constructed), which land is described on **Exhibit A** attached hereto; each of the townhomes,
along with the real property upon which it is located, is referred to herein as a "Townhome", and,
collectively, all such land and improvements are referred to herein as the "Property"; and

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WHEREAS, as a condition to receipt of the loan funds, Econ Development Corporation, has agreed to sell each of the Townhomes, once constructed, at an effective purchase price of no more than \$185,000 based on HOME subsidy of \$97,500 per unit, to an Eligible Buyer defined below, who will use the Townhome as their principal residence; as used herein, "Eligible Buyer" shall mean a household with an annual household income less than or equal to eighty percent (80%) of the Chicago-area Median Income, based on household size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development; and

WHEREAS, the City further requires that any purchaser of a Townhome (each as referred to herein as a "Buyer") must be an Eligible Buyer, and each seller of a Townhome (each is referred to herein as a "Seller") must only sell the Townhome to another Eligible Buyer throughout the Affordability Period (defined below), and must sell the Townhome for a price not to exceed the Affordable Price (defined below); and

WHEREAS, the Owner under this Declaration intends, declares and covenants that the restrictive covenants set forth herein shall be and are covenants running with the Property for the term described herein, are binding upon any Buyer, Seller and all subsequent owners of the Property for such term, and are not merely personal covenants of the Owner;

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner declares as follows:

1. The foregoing Recitals are hereby incorporated into and are a part of the body of this Declaration.
2. Any Seller (including the Owner) shall sell each Townhome only to an Eligible Buyer, as determined by the City, and each such Buyer must certify to the Seller and the City that the Buyer will use the Townhome as their principal residence for the term of this Declaration.
3. The Owner shall not sell the Townhome to an Eligible Buyer for a purchase price that exceeds the amount established by the City and the Owner. If the initial Buyer sells the Townhome within the term of this Declaration, the subsequent Buyer must also be an Eligible Buyer, and the purchase price may not exceed the Affordable Price. As used herein, the term "Affordable Price" means a price that (A) would be affordable to an Eligible Buyer, and (B) does not exceed the sum of (i) the subsidized purchase price paid by the current Seller, plus (ii) an annual adjustment equal to three percent (3%) of the initial subsidized price as outlined on **Exhibit B** plus (iii) reasonable and customary closing costs paid by Seller when it bought the Townhome plus (iv) the allowable capital improvements (excluding maintenance) to the Townhome installed or made by the current Seller during the period of ownership as outlined on **Exhibit C** and evidenced by receipts, up to an average amount \$5,500 per year of ownership.

The price described in clause (B) above referred to herein as the "Formula Price".

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4. This Declaration shall be in effect from the date of recording of this Declaration with the Recorder of Deeds of Cook County, Illinois until the twentieth (20th) anniversary of the recording (the "Affordability Period"), and, except as waived in writing by the City, shall be binding upon any Buyer, Seller and their transferees, heirs, successors or any other person or entity that owns all or any portion of the Property (or any interest therein) during the term.

5. If a Seller proposes to transfer the Townhome or any interest therein to a proposed Buyer, the Seller shall give written notice to the City, at the address set forth above. The City will calculate the proposed affordable selling price with the Seller and provide information on current income eligibility requirements for the Buyer. In addition, the City will assist the Seller in finding a suitable Eligible Buyer. If the Buyer is unable to find an Eligible Buyer for the Formula Price and close on a sale within 90 days from putting the Townhome up for sale, the Buyer may appeal to the Director of Community Development of the City of Evanston to consider a change in the resale requirements. Such change may include, but not be limited to, an additional subsidy from the City, depending on availability, to reduce the price to a level affordable to an Eligible Buyer given current mortgage conditions. The Director shall respond with a solution within 30 days.

6. Upon execution of a purchase contract, the Seller shall give 30 days prior written notice of such proposed transfer to the City, along with the proposed Buyer's certification to keep the Townhome as their principal residence, and documentation required by the City regarding (i) whether the proposed purchase price fulfills the requirements of being an Affordable Price hereunder, and (ii) whether the proposed Buyer fulfills the requirements of being an Eligible Buyer hereunder. The City shall determine, in its sole discretion, whether the proposed transfer would be in compliance with the terms of this Declaration and, if not, the purchase contract between the Seller and the proposed Buyer would be void; each purchase contract executed by a Seller and proposed Buyer for the Townhome shall refer to the terms of this Declaration.

7. The Owner shall cause this Declaration to be recorded against the Property with the Recorder of Deeds of Cook County, Illinois. The Owner shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Owner shall immediately transmit to the City an executed original of this Declaration showing the date and recording number of record.

8. This Declaration and the covenants set forth herein regulating and restricting the use and occupancy of the Property (i) shall be and are covenants running with the Property, encumbering the Property for the term of this Declaration, and binding upon the Owner's successors in title and all subsequent owners of the Property, (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner, and any Buyer or Seller, and their respective successors and assigns during the term of this Declaration. If the Property is subdivided into separate legal parcels in connection with the Sale of the Townhomes, this Declaration shall remain in effect with respect to each separate legal parcel.

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9. Any and all requirements of the laws of the State of Illinois to be satisfied in order for the provisions of this Declaration to constitute restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the land. For the term of this Declaration, each and every contract, deed or other instrument hereafter executed conveying the Property or portion thereof shall expressly provide that such conveyance is subject to this Declaration, provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Property or portion thereof provides that such conveyance is subject to this Declaration.

10. Upon violation of the requirements of this Declaration by the Owner (or any Buyer), the City shall give written notice thereof to Owner (or Buyer, as applicable.) If such violation is not corrected to the satisfaction of City within 30 days after the date such notice is mailed, or within such further time as the City in its sole discretion permits, the City may declare the Owner (or Buyer, as applicable) to be in default under this Declaration, effective on the date of such declaration of default and notice thereof to the Owner (or Buyer, as applicable), and upon such default the City may:

(a) Require that the Townhome be purchased by a household that meets the eligibility requirements previously defined.

(b) Require that the subsidy of \$97,500 be repaid to the City, such payment to be paid to the City by Owner or Buyer upon demand by the City.

Violations of the requirements would consist of failure to occupy the Townhome as the principal residence, selling the Townhome for more than the Affordable Price, or selling the Townhome to a Non-Eligible Buyer when there has been no change in the resale requirements as a result of an appeal to the Director of Community Development of the City of Evanston.

11. In the event of default and foreclosure, the City shall have the same right as the Owner (or any Buyer) to cure defaults and redeem the Townhome prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the City 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 City failed to file the request for notice of default, the City's right to purchase the Townhome shall commence from the date the notice of default is given by the City to the Owner.

12. No Buyer may refinance any existing or future mortgage loan secured by the Townhome without the prior written consent of the City. No Buyer or Seller may borrow funds pursuant to any loan that contains any provisions for negative amortization. In order to ensure awareness of the resale restrictions on the part of any subsequent lenders, as well as to secure repayment of the subsidy amount in the event of default, any Buyer will grant a junior mortgage to the City of Evanston for the amount of the subsidy. Upon any Buyer's request, the City shall subordinate the City Mortgage to a mortgage made by or held by an institutional lender or

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investor which is given in connection with any financing or refinancing of any such loan based on a review to verify the Buyer's ability to pay and that the amount financed does not exceed the "Formula Price" described in Section 3.

13. The invalidity of any clause, part of provision of this Declaration shall not affect the validity of the remaining portions thereof. In the event that a court of competent jurisdiction finds that the length of the term of this Declaration would result in this Declaration being unenforceable under applicable law, then (i) this Declaration shall be deemed to have been amended to include a term which would be enforceable by such court, and (ii) for the period beginning at the end of such amended term and continuing until the end of the original 20-year Affordability Period, the current owner of the Townhome may sell the Townhome without restriction, but if such sale does not comply with the provisions of this Declaration (including Sections 2 and 3 hereof), then the current owner must pay to the City the \$97,500 subsidy.

14. The rights and remedies of the City provided for in this Declaration are cumulative and are not intended to be exclusive of any other remedies to which the City may be entitled to at law or in equity or by statute. The exercise by the City of any right or remedy to which it is entitled hereunder shall not preclude or restrict the exercise of any other right or remedy provided hereunder.

15. The rights hereby granted shall include the right of the City to enforce this Declaration by appropriate court proceedings and to obtain injunctive and other equitable relief against any violations, including, without limitation, relief requiring restoration of the Townhome (or any portion thereof) to its condition prior to any such violation and shall be in addition to, and not in limitation of, any other rights and remedies available to the City. The current owner of the Townhome covenants and agrees to reimburse the City all reasonable costs and expenses (including with limitation counsel fees) incurred in enforcing this Declaration or in taking reasonable measures to cure any violation hereof, provided that a violation of this Declaration is acknowledged by the current owner or determined by a court of competent jurisdiction to have occurred. By its acceptance of this Declaration the City does not undertake any liability or obligation relating to the condition of the Townhome.

16. This Declaration may not be amended, nor may any obligation hereunder be waived or released, without first obtaining the written consent of the City, which consent shall not be unreasonably withheld or delayed.

17. The provisions of this Declaration shall cease to be in effect in the event that title to the Townhome is transferred by foreclosure (or an instrument in lieu of foreclosure) of any mortgage which is recorded against the Townhome (a) on or prior to the date hereof, (b) with the consent of the City, or (c) in accordance with Section 12 hereof. However, if any time during the Affordability Period and following the occurrence of a cessation of enforceability of the provisions of this Declaration as provided in the preceding sentence, the Owner or any Buyer (or any person or entity with whom the Owner or any Buyer has or had family or business ties) obtains an ownership interest in the Townhome, the provisions of this Declaration shall again be

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enforceable as of the date such ownership interest is obtained through the remainder of the Affordability Period.

IN WITNESS WHEREOF, the Owner has caused this Agreement to be signed as of the day and year first above written.

By: *Cornelius Davidson*
Its: President

STATE OF ILLINOIS)
) SS.
COUNTY OF COCK)

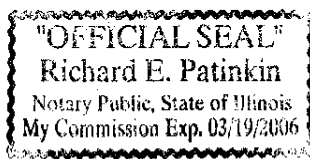
I, RICHARD E. PATINKIN, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT CORNELIUS DAVIDSON, personally known to me and known by me to be the same person in whose name the above and foregoing instrument is executed, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her free and voluntary act, and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 8TH day of APRIL, 2005.

Richard E. Patinkin

Notary Public

My Commission Expires: 3/19/06



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Exhibit A Legal Descriptions

P.I.N. 10-13-214-025-0000

Commonly known as 1834 Darrow, Evanston, Illinois

That part of Lot 8 in Block 2 in Merrill Ladd's Second Addition to Evanston, a subdivision of the West half of the Southwest Quarter of the Northeast Quarter of Section 13, Township 41 North, Range 13 East of the Third Principal Meridian, described as follows: Beginning at the Northeast corner of said Lot 8; thence South along the East line of said Lot 8, South 00 Degrees 00 Minutes 43 Seconds East, 42.90 feet to the Southeast Corner of said Lot 8; thence West along the South line of said Lot 8, South 87 Degrees 18 Minutes 30 Seconds West, 59.04 feet; thence North along the centerline of a party wall, North 02 Degrees 41 Minutes 30 Seconds West, 42.85 feet to the North line of said Lot 8; thence East along the North line of said Lot 8, North 87 Degrees 18 Minutes 30 Seconds East, 61.05 feet to the point of beginning, in Cook County, Illinois.

Commonly known as 1836 Darrow, Evanston, Illinois

That part of Lot 8 in Block 2 in Merrill Ladd's Second Addition to Evanston, a subdivision of the West half of the Southwest Quarter of the Northeast Quarter of Section 13, Township 41 North, Range 13 East of the Third Principal Meridian, described as follows: Commencing at the Northeast corner of said Lot 8; thence West along the North line of said Lot 8, South 87 Degrees 18 Minutes 30 Seconds West, 61.05 feet to the point of beginning; thence South along the centerline of a party wall, South 02 Degrees 41 Minutes 30 Seconds East, 42.85 feet to the South line of said Lot 8; thence West along the South line of said Lot 8, South 87 Degrees 18 Minutes 30 Seconds West, 31.08 feet; thence North along the centerline of a party wall, North 02 Degrees 41 Minutes 30 Seconds West, 42.85 feet to the North line of said Lot 8; thence East along the North line of said Lot 8, North 87 Degrees 18 Minutes 30 Seconds East, 31.08 feet to the point of beginning, in Cook County, Illinois.

Commonly known as 1834 Darrow, Evanston, Illinois

That part of Lot 8 in Block 2 in Merrill Ladd's Second Addition to Evanston, a subdivision of the West half of the Southwest Quarter of the Northeast Quarter of Section 13, Township 41 North, Range 13 East of the Third Principal Meridian, described as follows: Commencing at the Northeast corner of said Lot 8; thence West along the North line of said Lot 8, South 87 Degrees 18 Minutes 30 Seconds West, 92.13 feet to the point of beginning; thence South along the centerline of a party wall, South 02 Degrees 41 Minutes 30 Seconds East, 42.85 feet to the South line of said Lot 8; thence West along the South line of said Lot 8, South 87 Degrees 18 Minutes 30 Seconds West, 79.67 feet to the Southeast corner of said Lot 8; thence North along the West line of said Lot 8, North 00 Degrees 00 Minutes 43 Seconds West, 42.90 feet to the Northeast of said Lot 8; thence East along the North line of said Lot 8, North 87 Degrees 18 Minutes 30 Seconds East, 77.67 feet to the point of beginning, in Cook County, Illinois.

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EXHIBIT B ANNUAL ADJUSTMENT

Initial Price: \$185,000

Year	3% Yearly Increase	Original Buyer's Adjusted Price
1	\$ 5,550	\$190,550
2	\$ 5,717	\$196,267
3	\$ 5,888	\$202,154
4	\$ 6,065	\$208,219
5	\$ 6,247	\$214,466
6	\$ 6,434	\$220,900
7	\$ 6,627	\$227,527
8	\$ 6,826	\$234,352
9	\$ 7,031	\$241,383
10	\$ 7,241	\$248,625
11	\$ 7,459	\$256,083
12	\$ 7,682	\$263,766
13	\$ 7,913	\$271,679
14	\$ 8,150	\$279,829
15	\$ 8,395	\$288,224
16	\$ 8,647	\$296,871
17	\$ 8,906	\$305,777
18	\$ 9,173	\$314,950
19	\$ 9,449	\$324,399
20	\$ 9,732	\$334,131

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Exhibit C Allowable Capital Improvements

These add to the value of your home, prolong its useful life, or adapt it to new uses.

Additions

Bathroom

Deck

Patio

Heating & Air Conditioning

Heating system

Central air conditioning

Furnace

Duct work

Central humidifier

Filtration system

Lawn & Grounds

Retaining wall

Sprinkler system

Plumbing

Septic system

Water heater

Soft water system

Filtration system

Interior Improvements

Built in appliances

Kitchen modernization

Flooring

Insulation

Attic

Walls, floor

Pipes, ductwork

Miscellaneous

Storm windows, doors

New Roof

Wiring upgrades

Security system

Repairs: these maintain your home in good condition but do not add to its value or prolong its life. You do not include these as capital improvements. *Examples:* Repainting your house, fixing your gutters or floors, repairing leaks or plastering and replacing broken window panes