



August 29, 2024

Delivered Via Email

Jennifer Hall, Executive Director
Ann Arbor Housing Commission
727 Miller Avenue
Ann Arbor, Michigan 48103

**RE: Ann Arbor Affordable Housing Rental Development Millage Funding
Solicitation No. Millage 2021-01**

Dear Jennifer:

Lockwood Development is pleased to present the accompanying response to the request for proposals for affordable housing development millage funding (Solicitation No. Millage 2024-01).

Our proposed development would bring 66 affordable units to a vacant site at 3695 South State Street. This \$22.8 million development would include a mix of one and two-bedroom apartments in a 4-story, elevator-served building. 100% of the units will be reserved for families making less than 60% of the Area Median Income; five of the units would be reserved for families at the Low HOME (50% AMI) level.

Our design concepts have been informed by our months of discussion with City staff as well as valuable feedback received from the Ann Arbor Planning Commission. We have endeavored to design a product that will be indistinguishable from its market rate peers. This includes robust sustainability features such as Enterprise Green Communities certification, electric vehicle chargers, and all-electric utility services.

Our attached request for \$1.5 million of affordable housing millage funding would help bridge any remaining gap in the capital stack, while also making an all-electric, sustainable building financially feasible. We will be able to leverage AAHDC's investment by an outstanding 34:1 ratio.

The Lockwood team is well versed in creating high-quality, affordable housing. Vertically integrated with in-house development, construction, and property management capacities, Lockwood currently operates 26 communities and over 3,100 apartments in Michigan and Ohio. Our team develops for long term holds, and we stand prepared/capable to introduce the next exciting development to Ann Arbor.

Thank you in advance for your consideration of our proposal. I look forward to working with you to bring greater affordability to Ann Arbor for decades to come. If you should have any questions, please do not hesitate to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Dronen'.

Stephen Dronen

Lockwood Development Company, LLC

27777 Franklin Rd, Suite 1410
Southfield, MI 48034-2337
248.203.0991

H. Ann Arbor Affordable Housing Millage Funding Application COVER SHEET



ANNARBOR HOUSING COMMISSION

Applicant/Sponsor:

Sponsor/Applicant: _____

Contact Name: _____

Address: _____ Telephone: _____

Email: _____

Owner (if different than Applicant): _____ Contact: _____

Address: _____ Telephone: _____ Email: _____

List All Entities/Owners Who Are Earning Any Portion of Developer Fee:

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Ownership Entity Structure:

Individual/entities	501(c)3 or wholly owned subsidiaries	TIN#	% Owner
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Has Any Member of Applicant/Sponsor/Owner ever filed for bankruptcy, defaulted on any loan, or been debarred: NO YES; If yes, please submit a written explanation with the proposal.

Project Detail

Project Name: _____ Project Address: _____

Parcel Identification Number: _____

Check all that apply: New Construction Acquisition Rehabilitation
 Adaptive Re-Use Historic Preservation Mixed Use

Check all that apply: Mixed Income Permanent Supportive Housing

Low/Moderate Income (all units restricted below 60% AMI) SRO

Site Acreage: _____ Existing Building SF: _____

Proposed Residential SF: _____ Existing Zoning: _____

Proposed commercial SF: _____ Residential Common Areas SF: _____

Check all that apply: Residential Unit Type: Apartment Duplex

Townhome/Row House Semi-Attached Detached Other: _____

Total Residential Units: _____ Number of Restricted Units 31% - 60% AMI: _____

Number of Unrestricted Market Units: _____ Number of 30% AMI or less: _____

Project Funding (full description of funding plan must comply with Section E(d) of RFP):

Total Development Costs: _____ Amount of Funds Requested: _____

Proposed Terms of Repayment: _____

project expenses), forgivable after certain affordability periods are met. But we are open to discussing what makes the most sense for AAHDC.

Proposed Project Schedule:

Milestones

Date

Predevelopment

Ownership Entity Created

Zoning

Site Plan Approval

PILOT Approval (if applicable)

Financing Approvals

Firm Construction Financing Commitment(s)

Firm Permanent Financing Commitments (s)

Equity Financing Commitment(s)

Other Subordinate Financing Commitment(s)

Closing and Construction/Rehab

Final Plans and Specifications

Building and Other Required Permits

Construction financing closing

Construction Start

50% Construction Completion

100% Construction Completion

Permanent financing closing

Lease Up/Stabilization

Start of Lease Up

Lease Up Complete

Stabilized Operations

Certification of Application: As an authorized party of the sponsor/applicant/owner, I attest that all the information included in the AAAHM Application is true and correct.

Signature:  _____

Name: _____

Title: _____

Date: _____

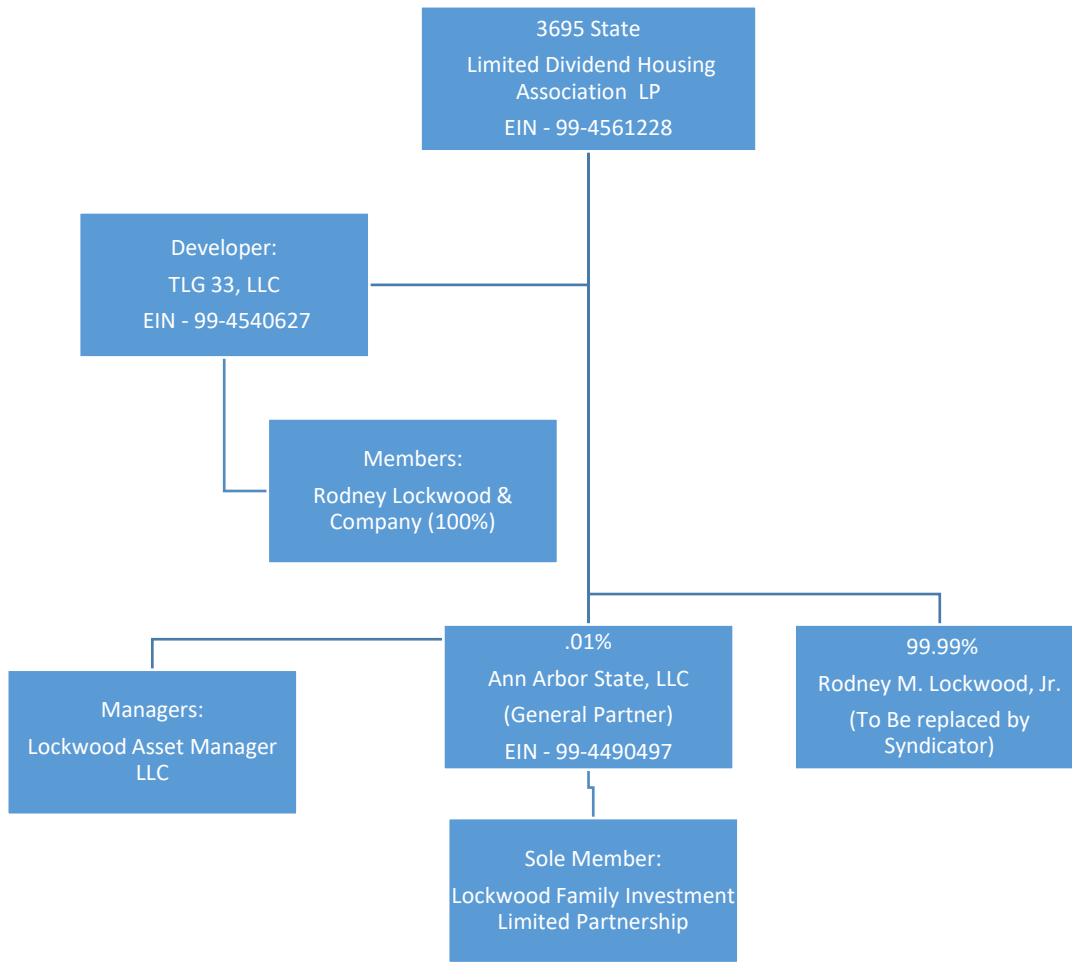
For ease of review, please label attachments



3695 S. State Ann Arbor

a. i.

Organization Chart, LP Agreement & LP Art. of Org.



Funding Entities to be included on insurance certificates, title documentation and survey:

1. 3695 State Limited Dividend Housing Association Limited Partnership – 27777 Franklin Road, Suite 1410, Southfield, MI 48034.
2. Michigan State Housing Development Authority – 735 East Michigan Avenue, P.O. Box 30044, Lansing, MI 48909.
3. TLG 33 LLC - 27777 Franklin Road, Suite 1410, Southfield, MI 48034.

Legal Description, Address and Tax Identification Number:

DESCRIPTION

The land referred to located in the City of Ann Arbor, County of Washtenaw, State of Michigan, and described as follows:

A portion of the following described parcel: Lot 1, Research Park, as recorded in Liber 15 of Plats, Pages 56 and 57, Washtenaw County Records; being more particularly described as: Commencing at the Southeast corner of Lot 1, Research Park, as recorded in Liber 15 of Plats, Pages 56 and 57, Washtenaw County Records; thence North 12 degrees 06' 52" West 373.16 feet along the East line of said Lot 1 to the POINT OF BEGINNING; thence South 78 degrees 28' 08" West 290.41 feet; thence Northerly 241.70 feet along the arc of circular curve to the right; radius 1680.86 feet, central angle 08 degrees 14' 20", chord North 07 degrees 57' 221" West 241.50 feet; thence North 87 degrees 50' 48" East 277.09 feet along the North line of said Lot 1; thence South 12 degrees 06' 52" East 195.89 feet along the East line of said Lot 1 to the POINT OF BEGINNING

The property address is 3695 S. State St. Ann Arbor, MI. 48108

Tax ID Numbers:
09-12-09-300-016

LIMITED PARTNERSHIP AGREEMENT
OF
3695 STATE
LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP
A Michigan limited partnership

TRANSFER OF THE PARTNERSHIP INTERESTS REPRESENTED BY THIS AGREEMENT IS RESTRICTED BY THE TERMS OF THIS AGREEMENT. SUCH INTERESTS ARE NOT REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. SUCH INTERESTS MAY NOT BE TRANSFERRED OR SOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE

LIMITED PARTNERSHIP AGREEMENT
OF
3695 STATE
LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP

THIS LIMITED PARTNERSHIP AGREEMENT (this “**Agreement**”) is made as of August 28, 2024, between 3695 STATE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, a Michigan limited partnership, as General Partner, and RODNEY M. LOCKWOOD, JR., as Limited Partner, who agree as set forth herein.

PRELIMINARY STATEMENT

The parties (the “Partners”) hereto desire to form a limited partnership (the “Partnership”) which Partnership shall acquire and rehabilitate a residential apartment project known as 3695 STATE (the “Project”) located in Ann Arbor, Michigan (the “Development”).

The Partners desire to qualify the Partnership as a limited dividend housing association pursuant to the Michigan State Housing Development Act of 1966, as amended, said Act being 1966 PA 346; MCL 125.1401, et seq (hereinafter referred to as the “MSHDA Act”) and the Michigan Revised Uniform Limited Partnership Act, said Act being 1982 PA 213; MCL 449.1101 et seq (the “Partnership Act”).

The Partners are willing to conform to the requirements of said Acts.

The Partners are entering into this Agreement in order to set forth more fully their mutual agreements with respect to the Partnership. Capitalized terms used in this Agreement are defined in Section 15.

AGREEMENT

1. Formation of Partnership

The Limited Partnership previously formed under the provisions of the Partnership Act shall continue pursuant to the provisions of this Agreement. The name of the Partnership shall be 3695 STATE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, and its principal office shall be located at 27777 Franklin Road, Suite 1410, Southfield, MI 48034, or such other place as the General Partner may determine from time to time. The Partnership shall conduct its business under the name of 3695 STATE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP.

2. Purpose and Scope of Activities

2.1 Purposes

The Partnership has been organized exclusively to provide housing facilities for persons of low and moderate income, or for persons whose income does not exceed limits established in the MSHDA Act and for social, recreational, commercial, and communal facilities as may be necessary to serve and improve a residential area in which MSHDA-aided or federally-aided housing is located or is planned to be located, thereby enhancing the viability of such housing. To effectuate this purpose, the Partnership shall have the more specific purposes of acquiring the land described in Exhibit A and improvements situated thereon, and rehabilitating the Project, operating the Project; holding the Project for investment and appreciation; and ultimately selling or otherwise disposing of the Project; and doing all things incidental thereto.

2.2 Limitations on Activities

Notwithstanding anything to the contrary in the Certificate, the Partnership's business will be limited to the purposes set forth in Section 2.1, and the Partnership will not engage in any other business activity. No Partner need afford the Partnership or any Partner the opportunity of acquiring or investing in any other business or enterprise, regardless of whether such business or enterprise would, but for this sentence, be deemed an opportunity of the Partnership, and nothing in this Agreement will restrict a Partner from engaging in any other business activity without any obligation to account to the Partnership or any other Partner, whether or not such activity is similar to, within the scope of, or competitive with, the activities of the Partnership.

3. Partners; Partnership Percentages; Capital

3.1 Partners, Percentages and Initial Contributions

The names and addresses of the Partners and their initial capital contributions and Partnership Percentages are as follows:

Name and Address	Capital Contribution	Partnership Percentage
General Partner		
Ann Arbor State, LLC, a Michigan limited liability company 27777 Franklin Road, Suite 1410 Southfield, MI 48034	\$ 0.01	0.01%
Limited Partner		
Rodney M. Lockwood, Jr. 27777 Franklin Road, Suite 1410 Southfield, MI 48034	\$ 99.99	99.99%
TOTAL	\$100.00	100.0%

3.2 Form of Contributions

The capital contributions of the Partners shall be paid in cash. In addition to the capital contributions provided for in the preceding sentence, the general partner shall assign, or cause its affiliate to assign, to the Partnership all of its development rights (the “**Development Rights**”) for the Project, consisting of all rights to the land, all engineering, environmental, market and other tests and studies, all surveys, drawings, plans and specifications, all building and other permits, and all assurances of the availability of utilities subject, however, to all liabilities and reimbursement of all costs and expenses incurred by them in connection therewith, which liabilities and reimbursements the Partnership assumes and agrees to pay. Such assumption is for the sole benefit of the Partnership and may not be enforced by any creditor or other third party. The value of the Development Rights has an agreed aggregate value equal to the liabilities assumed and the reimbursements to be paid.

3.3 Additional Capital Contributions

(a) If the General Partner determines, in its sole discretion, that the Partnership requires additional funds, over and above the initial capital contributions of the Partners and the proceeds of Partnership borrowings, in order to provide for the Partnership's cash needs, the General Partner may call upon all the Partners to contribute the required funds. No Partner will be obligated to contribute any portion of such capital call, but any Partner or Partners may contribute all or any portion of such capital call, and the Capital Accounts and the Partnership Percentages of the Partners will be adjusted as provided in subsection (b) below.

(b) The General Partner will notify the Partners in writing of any call for additional capital made in accordance with this Section 3.3, and will provide the Partners with a detailed statement of the anticipated uses of such funds. If any Partner fails to advance such Partner's pro rata share of any capital call within 30 days after written notice from the General Partner, another Partner or Partners may contribute all or part of such defaulting Partner's pro rata share of the capital call, in which case (i) such capital contribution by such other Partner or Partners will be credited to such other Partner's or Partners' Capital Account(s), and (ii) the defaulting Partner's and the other Partner's or Partners' Partnership Percentages will be automatically adjusted accordingly. In addition, the Partnership may pursue any other remedy available to the Partnership for the failure of any Partner to advance its pro rata share of any capital call which such Partner is required to make under this Section 3.3.

(c) Any call for additional capital may be made only as expressly provided in this Section 3.3, and any such capital call will be for the sole benefit of the Partnership and is not for the benefit of, nor may any call for additional capital be initiated or enforced by, any creditor, bankruptcy trustee or other third party.

3.4 Withdrawals

No Partner will be entitled to withdraw any portion of his capital account, except by way of distributions pursuant to Section 4.3, until termination of the Partnership.

3.5 Borrowing

The Partnership may borrow sums for any Partnership purpose set forth in Section 2.1 from any source, including the General Partner or any other Partner, upon such terms as the General Partner deems appropriate. Neither the General Partner nor any of the Partners will be obligated to furnish any personal guaranties or collateral in order to obtain any such loan. All such loans, whether from Partners, affiliates of Partners or third parties, will be repayable in accordance with their terms prior to distributions to the Partners.

4. Capital Accounts; Profits and Losses; Distributions

4.1 Capital Accounts

A capital account will be maintained for each Partner, to which contributions, profits and other credits provided for in this Agreement will be credited, and against which distributions, losses and other credits provided for in this Agreement will be charged. Capital accounts will be maintained and adjusted in accordance with the accounting principles prescribed by the Allocation Regulations, so that the tax allocations provided in this Agreement may, to the extent possible, have "substantial economic effect" within the meaning of the Allocation Regulations, or, if such allocations cannot have substantial economic effect, so that they may be deemed to be "in accordance with the Partners' interests in the Partnership" within the meaning of the Allocation Regulations.

4.2 Profits and Losses

Profits and Losses will be determined as of the end of each calendar year, and at more frequent intervals if the General Partner deems it appropriate, and will be allocated among the Partners in such proportions and amounts as may be required so that their respective capital account balances will be proportionate to their Partnership Percentages, or as nearly proportionate as possible.

4.3 Distributions

The Partnership will distribute to the Partners from time to time, but not less often than quarterly, such amounts as the General Partner determines to be available for distribution, after payment or provision for the Partnership's obligations (including contributions to reasonable reserves for future cash needs or contingencies). Distributions may be made from any source and regardless of whether the same constitutes a return of part or all of the Partners' capital contributions. Subject to the provisions of Section 8, all distributions will be made to the Partners in proportion to their Partnership Percentages in effect at the time of distribution.

5. Rights and Obligations of Partners

5.1 Limited Partners

The Limited Partners will be Limited Partners within the meaning of the Partnership Act. The Limited Partners as such will not be bound by the obligations of the Partnership and will not be obligated to make contributions to the Partnership in excess of the amounts provided for in this Agreement. Subject to the other provisions of this Agreement, the Limited Partners will not be entitled to participate in the management and control of the Partnership and will have no authority to act for or bind the Partnership.

5.2 General Partner

(a) The General Partner will be the sole general partner within the meaning of the Partnership Act. Subject to the other provisions of this Agreement, the General Partner will have all the rights, powers, liabilities and restrictions of a partner in a partnership without Limited Partners. The General Partner will not be required to devote its full time and attention to Partnership affairs.

(b) The General Partner will not voluntarily or involuntarily withdraw from the Partnership except with the prior written consent of all Partners or as otherwise permitted by this Agreement. If the General Partner ceases to be the General Partner by reason of the occurrence of an event of withdrawal within the meaning of Section 402 of the Partnership Act, and such event of withdrawal is not expressly permitted by this Agreement, the General Partner will not be entitled to receive the value of its interest in the Partnership, but the General Partner (or its successor in interest) will continue to receive those allocations and distributions to which it would have been entitled had the event of withdrawal not occurred, whether or not the Partnership is reconstituted and continued as provided in Section 7.2, subject to the provisions of Section 602 of the Partnership Act.

5.3 Additional Partners

Additional General Partners or Limited Partners may be admitted to the Partnership only with the written consent of the General Partner and a majority in interest of the Limited Partners; however, assignees of Partnership interests may be admitted to the Partnership as substitute General or Limited Partners pursuant to Section 9.

6. Administrative Powers, Obligations, Compensation, Etc., of General Partner

6.1 Powers

(a) Subject to the other provisions of this Agreement, the General Partner will manage and have complete control over the conduct of Partnership affairs, will have the sole and full power to act for and to bind the Partnership to the extent provided by applicable law. Without limiting the generality of the foregoing, the General Partner will have the authority, on behalf of the Partnership, to do all things appropriate to the accomplishment of the purposes of the Partnership, including (but not limited to):

(1) filing the Certificate with the Department of Licensing and Regulatory Affairs and any amendments thereto which it may deem appropriate in order to reflect any action by the Partnership or the Partners which has been taken as permitted by this Agreement;

(2) acquiring the land included in the Project, owning, improving, managing, operating and leasing the Project, selling, exchanging or otherwise disposing of the Project and any other Partnership property, and doing all things incidental thereto;

(3) obtaining financing and refinancing and borrowing money for Partnership purposes, and mortgaging or pledging the Project, any portion thereof or any other Partnership property;

(4) employing contractors, property managers, architects, engineers, consultants, attorneys, accountants and agents;

(5) executing contracts, notes, mortgages, security agreements, assignments of rent, loan documents, deeds and other writings;

(6) maintaining books of account and making accounting decisions and tax elections;

(7) investing and reinvesting Partnership funds;

(8) in general, managing the business and affairs of the Partnership;

(9) doing such other acts as may facilitate the General Partner's exercise of its powers hereunder or as the General Partner may deem appropriate to the accomplishment of the purposes of the Partnership.

(b) Every contract, note, mortgage, lease, deed or other instrument executed by the General Partner appearing to be such from the Certificate, will be conclusive evidence that at the time of execution, this Partnership was then in existence, that this Agreement had not theretofore

been terminated or amended in any manner not disclosed in the Certificate and that the execution and delivery of such instrument was duly authorized by the Partners.

6.2 Self-Dealing

The General Partner and any other Partner and any affiliate of the General Partner or any other Partner may deal with the Partnership as buyer, seller, lender, contractor, employee, agent or otherwise, free from any claims of self-dealing, but only if the terms thereof are fair with respect to the Partnership. No contract or other act of the Partnership will be voidable or affected in any manner by the fact that the General Partner, any other Partner, or an affiliate of the General Partner or any other Partner has an interest therein, nor will any such interested party be accountable to the Partnership or the other Partners in respect of any profits realized from such contract or other act. An interested Partner will be eligible to vote or take any other action in respect of such contract or other act as if he were disinterested.

6.3 Services; Compensation.

The General Partner will act as the Partnership's asset manager and, through its own personnel and third parties engaged by it, conduct all activities pertaining to the acquisition, development, construction, improvement and operation of the Project, any other operations of the Partnership, and the accounting for such operations. The Partnership will reimburse the General Partner for all direct costs and expenses incurred by it in performing such services or in otherwise administering the affairs of the Partnership, but not any overhead or other indirect costs. In addition, the Partnership will pay the General Partner reasonable and competitive compensation for its services, which will include (but will not necessarily be limited to) management fees, development fees and sales commissions. In addition, the General Partner and its affiliates will receive reasonable compensation for any other specific services rendered to the Partnership.

6.4 Limitation of General Partner's Liability

The General Partner will have no liability to the Partnership or to any Partner for any act or omission, except for its own fraud or bad faith. The Partnership will warrant and defend the General Partner against any claims pertaining to the Partnership or the General Partner's acts or omissions, and will indemnify the General Partner against any liability, loss or expense (including amounts paid in settlement and attorney fees) in respect of any such claims, provided that the same were not the result of its own fraud or bad faith. The General Partner will not be personally liable to return any Limited Partner's capital contribution.

6.5 Partnership Representative

(a) The General Partner will serve as the Partnership's Representative for purposes of Chapter 63C of Subtitle F of the Code and will have the powers and duties provided for therein and in the regulations thereunder. The Partnership Representative will promptly send the Partners copies of any notices received from the Internal Revenue Service with respect to the Partnership.

(b) Each Partner will treat items on his individual income tax return which relate to the Partnership in a manner consistent with the Partnership's returns, although this requirement will not preclude a Partner from exercising any right which he may have to settle or refuse to settle any issue in a judicial or administrative proceeding involving the Partnership, which relates to such Partner's own tax liability.

(c) The Partnership Representative will have no liability to the Partnership or any Partner for any acts or omissions as Partnership Representative, provided that he acted in good faith in a manner which he considered to be in the best interest of the Partnership and the Partners, and the Partnership will reimburse the Partnership Representative for all costs and expenses, and will indemnify, warrant and defend and hold harmless the Partnership Representative against and from all claims, liabilities, costs and expenses (including attorney fees and court costs), which he may incur as a consequence of being the Partnership Representative or in acting as such, in the absence of bad faith as provided above.

6.6 Power of Attorney.

Each Limited Partner irrevocably appoints the General Partner and the manager of the General Partner as his attorney-in-fact, with full power of substitution, on his behalf and in his stead to execute, swear to and file the Certificate, any amendment or cancellation thereof and any other instrument which may be appropriate to effect any action by or on behalf of the Partnership or the Partners which has been taken as provided in this Agreement; provided, however, that such attorney will not have the power or authority, on behalf of any Limited Partner, to consent to any action requiring the consent or approval of the Limited Partners, or any specified proportion thereof, under this Agreement. This power of attorney is coupled with an interest and will be irrevocable.

6.7 Insurance

The General Partner shall cause the Partnership to obtain such policies of commercial general liability insurance, all risk form of fire and extended coverage insurance, workers' compensation insurance and other policies of insurance which good business practices and changing conditions may indicate are necessary, in each case in such amounts and on such terms and conditions which the General Partner determines are necessary or appropriate in the exercise of the General Partner's reasonable judgment.

7. Term of Partnership

7.1 Commencement

The term of the Partnership commenced upon the filing of the Certificate with the Department of Licensing and Regulatory Affairs.

7.2 Termination

The term of the Partnership will end, and the Partnership will dissolve, solely on the first to occur of the following:

- (a) December 31, 2085;
- (b) 120 days after the sale or other disposition of the Project and the distribution by the Partnership of the net proceeds thereof and all remaining Partnership property; or
- (c) the occurrence of an event of withdrawal, within the meaning of Section 402 of the Partnership Act, of the General Partner unless within 90 days thereafter all the remaining Partners elect to reconstitute and continue the Partnership with a successor General Partner. The General Partner's rights and obligations in the event of withdrawal will be governed by Section 5.2(b).

None of the following will cause a termination of the Partnership: the retirement, dissolution or insolvency of a Limited Partner, the substitution of a General or Limited Partner, or the admission of a new General or Limited Partner.

8. Liquidation

8.1 Liquidation of Partnership

(a) Upon termination of the Partnership, the General Partner will conclude the affairs of the Partnership. If there is no General Partner, the Partnership affairs will be concluded by a Trustee selected in writing by a majority in interest of the Limited Partners. The assets of the Partnership may be liquidated or distributed in kind, as determined by the General Partner or the Trustee, and the same will be applied as provided in Section 4.3, subject, however, to the provisions of Section 8.2.

(b) To the extent that Partnership assets cannot either be sold without undue loss or readily divided for distribution in kind to the Partners, then the Partnership may, as determined by the General Partner or Trustee, convey those assets to a trust or other suitable holding entity established for the benefit of the Partners in order to permit the assets to be sold without undue loss and the proceeds thereof distributed to the Partners at a future date. The legal form of the holding entity, the identity of the trustee or other fiduciary, and the terms of its governing instrument will be determined by the General Partner or the Trustee.

(c) If any Partnership assets are sold on the installment basis, any principal or interest distributable by the Partnership from the sale will be distributed to the Partners as if undivided interests in the instrument evidencing the installment obligation had been distributed to the Partners in kind, as provided in subsection (b) above.

8.2 Liquidating Distributions; Restoration of Capital Account Deficits

Upon the liquidation of the Partnership or any Partner's interest in the Partnership, within the meaning of the Allocation Regulations:

(a) The capital accounts of the Partners will first be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Partnership's property, which has not previously been reflected in the Partners' capital accounts, would be allocated among the Partners if there were a taxable disposition of such property at fair market value on the date of distribution. Liquidating distributions will be made in accordance with the positive capital account balances of the Partners, after giving effect to such adjustment and other capital account adjustments for the current year, as provided in the Allocation Regulations.

(b) If the General Partner has a deficit balance in its capital account following the liquidation of the Partnership or its interest in the Partnership, as determined after taking into account all capital account adjustments for the current year (other than those made pursuant to this Section 8.2), the General Partner will be unconditionally obligated to restore the amount of such deficit balance to the Partnership within 90 days after the date of such liquidation, or by the end of the Partnership's taxable year in which the liquidation occurs, whichever is later, but only to the extent that the deficit balance does not exceed 1.01% of the amount by which the aggregate capital contributions of the Limited Partners exceed the capital contributions of the General Partner. The amount restored will, upon liquidation of the Partnership, be paid to creditors of the Partnership or distributed to other Partners in accordance with their positive capital account balances. No Limited Partner will be obligated to restore a deficit in his capital account upon liquidation of the Partnership or his interest in the Partnership.

9. Assignability of Interests

9.1 In General

A Partner's interest in the Partnership will not be voluntarily or involuntarily assignable without the written consent of the General Partner and a majority in interest of the Limited Partners, unless such assignment is to another Partner or to an affiliate of the assignor. Any assignment permitted by the preceding sentence must comply with Section 9.3. An assignment of a Partnership interest will not of itself substitute the assignee as a Partner, and the assignor will remain a Partner and will remain liable to the Partnership and the Partners as if such assignment had not occurred.

9.2 Rights of Assignees

An assignee of a Partnership interest will not be admitted as a General Partner or a Limited Partner unless the General Partner and a majority in interest of the Limited Partners consent in writing. Any such consent may be given or withheld at the sole discretion of the Partners. As a condition of such consent, the General Partner may require a substitute Partner to pay the legal and other costs incurred by the Partnership in effecting his admission. An assignee who does not become a substitute Partner will have no rights hereunder except to receive any allocations and distributions which (but for the assignment) would have been made to the assignor. No assignment of a Partnership interest will be effective with respect to the Partnership until written notice thereof is delivered to the Partnership.

9.3 Restrictions on Transfers

(a) Notwithstanding any other provision of this Section 9 to the contrary, the following limitations will apply to any assignment other than one occurring by reason of the death of a Partner, in addition to the other limitations set forth in this Section 9:

(1) No Partner will assign his interest in the Partnership unless the transferee agrees, in a writing delivered to and enforceable by the Partnership, to be bound by the provisions of this Agreement, including this Section 9, as if he were a Partner.

(2) No Partner will assign his interest in the Partnership without the prior written consent of the General Partner if the effect of the assignment would be to terminate the Partnership within the meaning of Section 708(b) of the Code.

(3) No Partner will assign his interest in the Partnership if such assignment would violate any applicable state or federal securities law.

(4) No Partner will assign his interest in the Partnership without an opinion of counsel in form and substance satisfactory to counsel for the Partnership that registration is not required under the Securities Act of 1933 or any applicable state securities law, unless the General Partner in its sole discretion waives such requirement.

(b) The Partners acknowledge that their interests in the Partnership have not been registered under any state or federal securities laws or regulations and agree that such interests will not be transferred without registration under such laws or regulations or exemption therefrom.

10. Investment Representation.

The Partners represent to each other and to the Partnership that they are acquiring their respective interests in the Partnership for their own personal accounts, and without a view to transferring or distributing their interests.

11. Amendments.

This Agreement may be amended only by written agreement between the General Partner and a majority in interest of the Limited Partners, except that (i) Section 3.1 may be amended from time to time by the General Partner to reflect any change in the Partners or in the interest of any Partner which has been effected in accordance with Section 9, (ii) no amendment will reduce a Partner's interest in the Partnership or increase his obligations to the Partnership unless he gives his written consent to the amendment, and (iii) this Agreement may be amended by the General Partner to correct any errors or omissions therein after written notice to the Limited Partners. Any amendment made pursuant to this Section may be made effective as of any date.

12. Tax Allocations

12.1 General Rule

Each item of income, gain, deduction, loss and credit for federal income tax purposes will be allocated among the Partners in the same proportions that the corresponding book item which gave rise to the tax item was allocated, or if there is no corresponding book item, the tax item will be allocated in accordance with their respective Partnership Percentages; provided, however, if the Allocation Regulations or other Treasury Regulations require that such item be allocated in a different manner, then the allocation will be governed by the Allocation Regulations or such other Regulations. In the latter event, if the allocation may be made in more than one manner, it will be made in such manner as the General Partner may determine.

12.2 Book/Tax Differentials

Whenever the book value of Partnership property differs from its adjusted basis for federal income tax purposes, the allocation of depreciation, depletion, amortization, and gain and loss with respect to such property, as determined for federal income tax purposes, will be made in a manner which takes account of the variation between book value and adjusted tax basis in the same manner as variations between fair market value and adjusted tax basis of property contributed to the Partnership are taken into account under Section 704(c) of the Code.

12.3 Qualified Income Offset

Since the Partners are not obligated to restore a deficit capital account balance upon liquidation of the Partnership or upon liquidation of their interest in the Partnership, or are obligated to restore only a limited amount of such deficit, if any Partner receives a distribution which is not offset by prior increases to his capital account, or a capital account adjustment or allocation of loss or deduction described in paragraph (b)(2)(ii)(d) of the Allocation Regulations, then to the extent that such distribution, adjustment or allocation causes the Partner's deficit capital account balance to exceed the amount of such deficit which he is obligated to restore upon liquidation of the Partnership or his interest in the Partnership, such Partner will be allocated items of income and gain in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible.

12.4 Minimum Gain Chargeback

In the event that there is a net decrease in the Partnership's "minimum gain" for any taxable year of the Partnership, each Partner with a deficit capital account balance at the end of such year will be allocated, before any other allocation is made under Section 704(b) of the Code, items of income and gain for such year (and, if necessary, subsequent years), in the amount and in the proportions needed to eliminate such deficit as quickly as possible, to the extent of such Partner's share of the net decrease in the minimum gain. In applying the provisions of this Section, a Partner's capital account balance will be adjusted, and items of income and gain will be allocated, and the minimum gain and a Partner's share thereof will be calculated, in the manner provided in paragraphs (4)(iv)(e) and (f) of the Allocation Regulations.

12.5 Section 754 Elections

If an election under Section 754 of the Code is in effect with respect to the interest of any Partner, the allocation of items of income, deduction, gain or loss to such Partner will be governed by the regulations under said Section 754.

12.6 Tax Credits

Any credit allowable to the Partnership for federal income tax purposes or any recapture with respect to such credit will be allocated among the Partners in proportion to their Partnership Percentages. Upon the sale or other disposition of any property with respect to which the investment tax credit was allowed, the gain thereby realized by the Partnership will, to the extent of any net basis reduction by reason of the investment tax credit, be allocated to the Partners in the proportions that the investment tax credit was allocated.

12.7 Depreciation Recapture.

Upon the disposition of Partnership property, each Partner's share of the total gain (if any) will include a share of any part of the gain which constitutes ordinary income for federal income tax purposes due to recapture of depreciation, proportionate to his share of the depreciation as previously allocated to the Partners. If only a portion of the depreciation results in ordinary income treatment (such as in the case of depreciation on certain real property in excess of straight-line), the allocation will be made based on the manner in which such portion of the depreciation was allocated. If a Partner's share of such ordinary income would otherwise exceed his share of the total gain, the excess will be reallocated among the other Partners in proportion to their respective shares of the total gain. Notwithstanding the foregoing, if an election under Section 754 of the Code is in effect with respect to the interest of any Partner, the allocation of such ordinary income to him will be governed by applicable Treasury Regulations.

12.8 Agreed Allocations

Any two or more Partners may, as between themselves, agree from time to time upon a different allocation of the profits, losses or distributions which would otherwise be allocated to them, and such profits, losses or distribution will be allocated between them as so agreed; provided, however, that such agreement will not affect the allocation of profits, losses and distributions to the other Partners.

12.9 Gross Income Allocations

To the extent that any fee or other compensation to a Partner is disallowed as a deduction for federal income tax purposes (whether by way of expense, depreciation, amortization, reduction in gain, or otherwise), then to the extent permitted by the Code and the regulations thereunder, payment of the fee or other compensation will be treated as a distribution to the Partner, and there will be allocated to such Partner a portion of the Partnership's gross income equal to the amount by which such income would have been reduced by the deduction, in recognition of the fact that the payment was, in fact, made to the Partner.

13. Miscellaneous Provisions.

13.1 Books of Account; Reports.

(a) The General Partner will keep true and complete books of account and records of all Partnership transactions. The books of account and records will be kept at the office of the Partnership designated in Section 1 of this Agreement. The Partnership will maintain at such office books of account and records including: (1) a list of names and addresses of all Partners and other investors in the Partnership; (2) a copy of the Certificate together with executed copies of all powers of attorney pursuant to which the Certificate has been executed; (3) copies of the Partnership's federal, state and local income tax returns and reports for the three most recent years; (4) copies of the Partnership's effective Partnership Agreement; and (5) copies of the financial statements of the Partnership for the three most recent years. Such Partnership records will be available to any Partner or his designated representative during ordinary business hours at the reasonable request and expense of such Partner.

(b) The General Partner will not be required to deliver or mail a copy of the Certificate to any Partner except upon such Partner's written request.

(c) Each Limited Partner or his designated representative may inspect the books and records of the Partnership at any reasonable time for proper purposes.

(d) The Partnership will provide all Limited Partners with annual audited balance sheets and income statements and such information as may be required in order to enable them to prepare their own individual income tax returns. Such balance sheets and income statements need not be certified. The cost of preparing balance sheets and income statement will be paid by the Partnership.

13.2 Bank Accounts and Investment of Funds

All funds of the Partnership will be deposited in its name in such checking accounts, savings accounts, time deposits, or certificates of deposit or will be invested in such other manner as will be designated by the General Partner from time to time. Withdrawals will be made upon such signature or signatures as the General Partner may designate.

13.3 Accounting Decisions

All decisions as to accounting matters will be made by the General Partner in accordance with the accounting principles provided for in this Agreement, consistently applied. Such decisions will be acceptable to the accountants or attorneys retained by the Partnership, and the General Partner may rely upon the advice of the accountants or attorneys as to whether such decisions are in accordance with such accounting principles.

13.4 Federal Income Tax Elections

The Partnership will make all federal income tax elections in such manner as the General Partner determines to be in the best interest of the Partners upon the advice of the attorneys or accountants retained by the Partnership.

13.5 Meetings of Partnership

The General Partner may call meetings of the Partnership from time to time but will not be obligated to do so.

13.6 Entire Agreement

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof and may be modified only as provided herein, except that the provisions of the Inducement Agreement will continue in full force and effect. No representations or oral or implied agreements have been made by any party hereto or his agent, and no party hereto relies upon any representation or agreement not set forth herein.

13.7 Notices, Etc.

Any notice, writing, or other matter, and any distribution, to be delivered hereunder will be deemed delivered when deposited in the United States mail with postage prepaid and addressed to the Partnership at the Partnership's principal offices, to a Partner at his address as set forth in Section 3.1 and to an assignee of a Partner at his address as set forth in the notice of assignment; provided, that a person may change his address by written notice to the Partnership.

13.8 Consent of Limited Partners

The General Partner may request in writing that any Limited Partner give his consent, approval or agreement to any matter, and if the request expressly so states, then if the Limited Partner does not indicate his disapproval by written notice to the General Partner within the period of time (not less than 30 days after mailing of the request) specified in the request, he will be deemed to have given the requested written consent, approval or agreement in writing.

13.9 Further Execution

Upon request of the General Partner from time to time, the Partners will execute and swear to or acknowledge any amended Certificate and any other writing which may be required by any rule or law or which may be appropriate to the effecting of any action by or on behalf of the Partnership or the Partners which has been taken in accordance with the provisions of this Agreement.

13.10 Benefits

This Agreement will inure to the benefit of and will bind the parties hereto, their successors and permitted assigns. None of the provisions of this Agreement will be construed as for the benefit of or as enforceable by any creditor of the Partnership or the Partners or any other person not a party to this Agreement.

13.11 Severability

The invalidity or unenforceability of any provision of this Agreement in a particular respect will not affect the validity and enforceability of any other provision of this Agreement or of the same provision in any other respect.

13.12 Captions.

All captions are for convenience only, do not form a substantive part of this Agreement and will not restrict or enlarge any substantive provisions of this Agreement.

13.13 Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which will constitute one instrument. The General Partner will have custody of counterparts executed in the aggregate by all Partners.

13.14 Michigan Law to Control

This Agreement will be construed and enforced in accordance with Michigan law.

14. Provisions Required by MSHDA Act

14.1 Return.

Notwithstanding any other provisions of this Agreement, by acceptance of a beneficial interest in the Partnership or by executing the document of basic organization, every Partner of the Partnership shall be deemed to have agreed that he or she at no time shall receive from the Partnership any return in excess of the face value of the investment attributable to his or her respective interest plus cumulative dividend payments at a rate which MSHDA determines to be reasonable and proper, computed from the initial date on which money was paid or property delivered in consideration for the interest; and that upon the dissolution of the Partnership, any surplus in excess of those amounts shall be paid to MSHDA or to any other regulating governmental body as MSHDA shall direct.

(a) The term “surplus” as used herein shall not be deemed to include any increase in assets of the Partnership by reason of reduction of a mortgage, by amortization or similar payments, or realized from the sale or disposition of any assets of the Partnership to the extent such surplus can be attributed to any increase in market value of any real property or tangible personal property accruing during the period the assets were owned and held by the Partnership.

(b) Any payment to a person having a beneficial interest in the Partnership shall not be deemed a “return” to such person if the funds with which such payment is made are funds contributed to the Partnership by persons purchasing a beneficial interest in the Partnership.

14.2 Supervision by MSHDA

Notwithstanding any other provisions of this Agreement, the operations of the Partnership may be supervised by MSHDA or by any other governmental body as MSHDA directs, and the Partnership shall enter into agreements with MSHDA or with the governmental body as MSHDA from time to time requires. The agreements shall provide for regulation by MSHDA or the governmental body of the planning, development, and management of the Project and the disposition of the Project and franchises of the Project undertaken by the Partnership.

14.3 MSHDA’s Right to Appoint Managing Agent

Notwithstanding any other provisions of this Agreement, MSHDA shall have the power to appoint a managing agent of the Partnership and its Partners, who may be an officer, employee, or agent of MSHDA, and said managing agent shall have complete power to act as agent and attorney in fact for the Partnership and its Partners, in connection with any asset or liability of the Partnership, to fulfill any obligations the Partnership may have to MSHDA, if:

(a) The Partnership has received a loan or advance as provided for in the MSHDA Act and MSHDA determines that the loan or advance is in jeopardy of not being repaid.

(b) The Partnership has received a loan or advance as provided for in the MSHDA Act and MSHDA determines that the proposed housing project for which the loan or advance was made is in jeopardy of not being constructed.

(c) MSHDA determines that some part of the net income or net earnings of the Partnership, in excess of that permitted by other provisions of the MSHDA Act, shall inure to the benefit of any private individual, firm, corporation, partnership, trust or association.

(d) MSHDA determines that the Partnership is in violation of the rules promulgated under Section 22 of the MSHDA Act.

(e) MSHDA determines that the Partnership is in violation of any agreements entered into with MSHDA providing for regulation by MSHDA of the planning, development and management of the Project undertaken by the Partnership or the disposition of the Project and franchises of the Partnership.

14.4 Reliance on Continuing Effect of Provisions

Notwithstanding any other provisions of this Agreement, the Partners of the Partnership agree that MSHDA may rely upon the continuing effect of this Agreement in this form as approved by MSHDA, and, by the execution of this Agreement, such Partners agree not to amend, alter or change the provisions of this Agreement without the prior written consent of an authorized officer of MSHDA.

15. Definitions.

As used in this Agreement, the following terms will have the following meanings:

The term “**affiliate**” or “**affiliates**” means, with respect to any party, any person which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such party or which is the spouse, ancestor, lineal descendant or sibling of such party or any affiliate of such party.

“**Allocation Regulations**” means Treasury Regulations, '1.704-1 and 1.704-1T (and any amendment thereto or additional or substitute regulations dealing with the subject matter thereof), which govern the allocation of profits, losses and other items for federal income tax purposes.

“**Certificate**” means the Certificate of Limited Partnership and all restatements thereof and amendments thereto, which are filed with the Michigan Department of Energy, Labor and Economic Growth, pursuant to which the Partnership is organized.

The “**General Partner**” is ANN ARBOR STATE, LLC, a Michigan limited liability company.

Any reference to a majority or other specified proportion “**in interest**” of the Partners or any class thereof means such proportion in interest as determined by Partnership Percentages.

The “**Code**” is the Internal Revenue Code of 1986, as amended.

The “**Limited Partners**” are the persons designated as such in Section 3.1.

“MSHDA” means the Michigan State Housing Development Authority.

“MSHDA Act” means the State Housing Development Authority Act of 1966, MCLA §125.1401 et seq, as amended.

The “Partners” are the General Partner and the Limited Partners. Any reference to a Partner will, unless the context clearly requires otherwise, include a reference to his predecessor and successor (other than a mere assignee) in interest.

The “Partnership” is the limited partnership formed pursuant to this Agreement.

The “Partnership Act” is the Michigan Revised Uniform Limited Partnership Act.

The “Partnership Percentages” of the Partners are set forth in Section 3.1.

A “Person” is an individual, corporation, partnership, limited liability company or other legal entity.

The “Project” is described in Section 2.1.

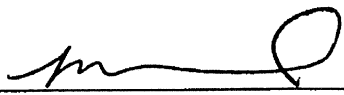
All references to statutory provisions will be deemed to include reference to corresponding provisions of subsequent law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

GENERAL PARTNER:

ANN ARBOR STATE, LLC
a Michigan limited liability company

By: Lockwood Asset Manager, LLC
Its: Manager

By: 
Mark Lockwood, Manager

LIMITED PARTNER:

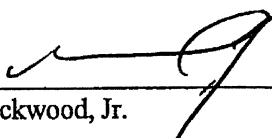

Rodney M. Lockwood, Jr.



EXHIBIT A

LEGAL DESCRIPTION

A portion of the following described parcel: Lot 1, Research Park, as recorded in Liber 15 of Plats, Pages 56 and 57, Washtenaw County Records; being more particularly described as: Commencing at the Southeast corner of Lot 1, Research Park, as recorded in Liber 15 of Plats, Pages 56 and 57, Washtenaw County Records; thence North 12 degrees 06' 52" West 373.16 feet along the East line of said Lot 1 to the POINT OF BEGINNING; thence South 78 degrees 28' 08" West 290.41 feet; thence Northerly 241.70 feet along the arc of circular curve to the right; radius 1680.86 feet, central angle 08 degrees 14' 20", chord North 07 degrees 57' 221" West 241.50 feet; thence North 87 degrees 50' 48" East 277.09 feet along the North line of said Lot 1; thence South 12 degrees 06' 52" East 195.89 feet along the East line of said Lot 1 to the POINT OF BEGINNING

**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

Date Received AUG 19 2024	<div style="border: 1px solid black; display: inline-block; padding: 2px;">AC1</div> <p align="center">(FOR BUREAU USE ONLY)</p> <p>\$60 AMEX CEPAS 24081968140504</p> <p>This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.</p>	<p>FILED</p> <p>AUG 20 2024</p> <p>ADMINISTRATOR CORPORATIONS DIVISION</p>									
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="3" style="padding: 2px;">Name Mark Lockwood</td> </tr> <tr> <td colspan="3" style="padding: 2px;">Address 27777 Franklin Road, Suite 1410</td> </tr> <tr> <td style="padding: 2px;">City Southfield</td> <td style="padding: 2px;">State MI</td> <td style="padding: 2px;">ZIP Code 48034</td> </tr> </table>		Name Mark Lockwood			Address 27777 Franklin Road, Suite 1410			City Southfield	State MI	ZIP Code 48034	EFFECTIVE DATE:
Name Mark Lockwood											
Address 27777 Franklin Road, Suite 1410											
City Southfield	State MI	ZIP Code 48034									

 Document will be returned to the name and address you enter above. 
If left blank, document will be returned to the registered office.

CERTIFICATE OF LIMITED PARTNERSHIP
For use by Domestic Limited Partnerships
(Please read information and instructions on the last page)

Pursuant to the provisions of Act 213, Public Acts of 1982, the undersigned execute the following Certificate.

Section 1

The name of the limited partnership is: 3695 State Limited Dividend Housing Association Limited Partnership

Section 2

<p>The general character of its business is:</p> <p>The Partnership has been organized exclusively to provide housing facilities for persons of low and moderate income, or for persons whose income does not exceed limits established in Act No. 346 of Public Acts of 1966 of the State of Michigan, as amended (the "Housing Act), and Section 42 of the Internal Revenue Code of 1986,</p>

Section 3

<p>a. The address of the office at which the limited partnership records are kept is: 27777 Franklin Road, Suite 1410 Southfield, MI 48034</p> <p>b. The name of the agent for service of process is: Mark Lockwood</p> <p>c. The address of the agent for service of process is: 27777 Franklin Road, Suite 1410 Southfield, MI 48034</p>
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Section 4

<p>The power of a limited partner to grant the right to become a limited partner to an assignee of any part of the partnership interest, and the terms and conditions of the power, are as follows:</p> <p>No Limited Partner interest may be assigned, sold, transferred, exchanged or otherwise disposed of without the prior written consent of the General Partner, which consent is solely within the discretion of the General Partner and which the General Partner are under no obligation to give. No consent of any of the Limited Partner(s) is required to affect the substitution of a Limited Partner, except that a Limited Partner that assigns its interest must evidence its intention that its assignee be admitted as a Substitute Limited Partner in its place and execute any instruments required in connection therewith</p>
--

Section 5

- a. Describe the times or events when a **general partner** may terminate membership in the limited partnership, and the terms and conditions of the termination.

A General Partner may be removed from the Partnership by the unanimous vote of the remaining Partners upon occurrence of any one of the following events:

A. The Partner shall have violated in a material respect a provision of the mortgage, mortgage note, or any provision of any other material loan document in connection with the mortgage loan, or otherwise applicable to the Development, and shall have failed upon written notice thereof by the Partnership to promptly cure or take steps reasonably necessary to cure said violation;

B. The Partner shall have failed to meet its material obligations or covenants under the Partnership Agreement or failed in a material way to assure the validity of its representations and warranties under the Partnership Agreement or violated in any material respect any other provision of the Partnership Agreement of applicable law, provided that such violation results in, or is likely to result in, a material detriment of the Development or the assets of the Partnership; or

- b. Describe the times or events when a **limited partner** may terminate membership in the limited partnership. Include the amount or method of determining any distribution the limited partner is entitled to receive upon termination of their membership.

The provisions of this Certificate and the Partnership Agreement notwithstanding, the Initial Limited Partner agrees to promptly withdraw from the Partnership upon request of the General Partner and the admittance to the Partnership of Substitute Limited Partners.

It is understood that the General Partner has the right to offer limited partnership interests to third parties (the "Investors") for up to 99.99% of the capital of the Partnership. The admission of said Investors into the Partnership, the rate of contributions and the terms of the Partnership with such Investors shall be in the sole discretion of the General Partner. It is further understood that the Initial Limited Partner shall, upon reimbursement of its capital contribution of \$1.00, withdraw as a limited partner at the request of the General Partner at or before the time of admission of said investors into the Partnership purchasing up to a 99.99% interest in the Partnership.

The Initial Limited Partner holds the interest as the Initial Limited Partner in the Partnership in a fiduciary capacity solely for the purpose of creating the limited partnership. It is the intent of the Initial Limited Partner to relinquish its interest as the Initial Limited Partner to the Substitute Limited Partner(s) admitted by the General Partner in order to assure the sale and syndication of the limited partnership interest in the Partnership.

Section 6

The right of the limited partner to receive distributions of property, including cash, from the limited partnership, other than the indicated in 5(b), is:

The cash flow of the Partnership after closing of the Partnership's financing shall be distributed in the following order of priority:

1. Principal payments on outstanding Subordinated Loans;
2. To the Partners in accordance with their Partnership interests set forth in Section VI of the Partnership Agreement.

Section 7

The right of the limited partner to receive, or a general partner to make to a limited partner, distributions of property, which include a return of all or any part of the limited partner's contribution, other than indicated in 5(b), is:

The net cash proceeds resulting from the refinancing of any mortgage on, or the sale, exchange, condemnation (or similar eminent domain taking), casualty or other disposition of all or any substantial part of the Partnership property or from the liquidation of the property of the Partnership following a dissolution of the Partnership, shall be distributed and applied in the following order of priority:

1. To the payment of any debts and liabilities of the Partnership other than Subordinated Loans;
2. To the setting up of any reserve which the General Partner deems reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership other than in respect of Subordinated Loans; provided, however, that at the expiration of such period of time as the General Partner deems advisable, the balance of such reserve remaining after the payments of such contingencies shall be distributed in the manner set forth in the Partnership Agreement entitled "Distribution of Proceeds of Refinancing and Sale";

Section 8

The times or events at which the limited partnership is to be dissolved and its affairs wound up are:

- A. The sale or other disposition of all or substantially all real estate or all interest in real estate owned by the Partnership; or
- B. The decision of the General Partner.

Section 9

The right of the remaining general partner(s) to continue the business upon the event of withdrawal of a general partner is:

In the event of the dissolution, withdrawal, removal, assignment for the benefit of creditors or adjudication of bankruptcy of the General Partner, the remaining General Partner(s), if any, shall continue the business of the Partnership for the balance of the term specified herein with all the Partnership property as before. Provided, further, in the event there is no surviving General Partner, then the business of the Partnership may be continued if, within ninety (90) days of the dissolution, withdrawal, removal, or assignment or adjudication of bankruptcy, all of the remaining Partners agree in writing to continue the business of the Partnership and appoint one or more additional General Partner to carry on said business.

Section 10

Enter any other matters the partners may desire to include. If additional space is required attach a supplement. Attached are 0 page(s):

Section 11

Complete one section for each partner (general and limited). General partners must be listed first followed by limited partners.

Item 1 - The type of partner must be either general or limited.

Item 2 - Partner names of individuals must appear in the last name, first name, middle initial sequences. Partner names of trusts should be the trust name excluding the name of the trustee or trustees.

Item 3 - Indicate the business or residence address of the partner. The address should include the street number and name, city, state, and ZIP Code.

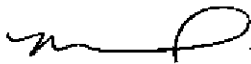
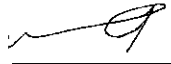
ITEMS 4 & 5 - LIMITED PARTNERS ONLY - ONE OR BOTH MUST BE COMPLETED

Item 4 - If applicable, indicate the amount of cash previously contributed. If contributions have been made in the form of property or service, indicate the agreed dollar value of the contribution in the "other \$ _____" space and complete item 6.

Item 5 - If applicable, indicate the amount of cash to be contributed in the future and complete Item 7. If there are future contributions in the form of property or services, indicate the agreed dollar value of the contribution in the "other \$ _____" space and complete Items 6 and 7.

Item 8 - This certificate must be signed and dated by all partners (general and limited) named in the Certificate. A partner may sign by attorney in fact.

Section 11

1. Type of Partner <input checked="" type="checkbox"/> General <input type="checkbox"/> Limited	2. Partner Name (see instructions for Section 11, Item 2) Ann Arbor State, LLC a Michigan limited liability company
3. Address (No., Street, City, State, ZIP Code) 27777 Franklin Road, Suite 1410, Southfield, MI 48034	
4. Contributions Previously Made (Limited Partners Only) Cash \$ _____ Other \$ _____	5. Future Contributions to be Made (Limited Partners Only) Cash \$ _____ Other \$ _____
6. Description of Contributions Other than Cash: (Include all property or services contributed or to be contributed)	
7. Times or Events Requiring Future Contributions: (Cash, Property or Services)	
8. Signature 	9. Date 8-19-2024
1. Type of Partner <input type="checkbox"/> General <input checked="" type="checkbox"/> Limited	2. Partner Name (see instructions for Section 11, Item 2) Rodney M. Lockwood, Jr., an individual residing in the State of Michigan
3. Address (No., Street, City, State, ZIP Code) 27777 Franklin Road, Suite 1410, Southfield, MI 48034	
4. Contributions Previously Made (Limited Partners Only) Cash \$ 1.00 _____ Other \$ _____	5. Future Contributions to be Made (Limited Partners Only) Cash \$ _____ Other \$ _____
6. Description of Contributions Other than Cash: (Include all property or services contributed or to be contributed)	
7. Times or Events Requiring Future Contributions: (Cash, Property or Services)	
8. Signature 	9. Date 8-19-2024
1. Type of Partner <input type="checkbox"/> General <input type="checkbox"/> Limited	2. Partner Name (see instructions for Section 11, Item 2)
3. Address (No., Street, City, State, ZIP Code)	
4. Contributions Previously Made (Limited Partners Only) Cash \$ _____ Other \$ _____	5. Future Contributions to be Made (Limited Partners Only) Cash \$ _____ Other \$ _____
6. Description of Contributions Other than Cash: (Include all property or services contributed or to be contributed)	
7. Times or Events Requiring Future Contributions: (Cash, Property or Services)	
8. Signature	9. Date

CERTIFICATE OF LIMITED PARTNERSHIP

400 E Third Limited Dividend Housing Association Limited Partnership

SECTION 2 – Continuation with language in Bold

The Partnership has been organized exclusively to provide housing facilities for persons of low and moderate income, or for persons whose income does not exceed limits established in Act No. 346 of Public Acts of 1966 of the State of Michigan, as amended (the "Housing Act"), and Section 42 of the Internal Revenue Code of 1986, **as amended and for social, recreational, commercial facilities as may be necessary to serve and improve a residential area in which Michigan State Housing Development Authority ("Authority") – aided or federally-aided housing is located or is planned to be located, thereby enhancing the viability of the housing. The Partnership shall not engage in any other business or activity.**

SECTION 4 – Continuation with language in Bold

No Limited Partner interest may be assigned, sold, transferred, exchanged or otherwise disposed of without the prior written consent of the General Partner, which consent is solely within the discretion of the General Partner and which the General Partner are under no obligation to give. No consent of any of the Limited Partner(s) is required to affect the substitution of a Limited Partner, except that a Limited Partner that assigns its interest must evidence its intention that its assignee be admitted as a Substitute Limited Partner in its place and execute any instruments required in connection therewith. **The assignee of the interest of a Limited Partner shall become a Substituted Limited Partner only upon the terms and conditions set forth herein and with the approval of the General Partner. An assignment shall not be binding upon the General Partner until written notice thereof is received by it.**

SECTION 5 (a) – Continuation starting with "C"

C. The Partner shall have conducted its own affairs or those of the Partnership in such a manner as would (1) cause the termination of the Partnership for federal income tax purposes, or (2) cause the Partnership to be treated as a corporation. Upon receipt of written notice from a non-defaulting Partner seeking to remove any General Partner and stating the justification for such removal, the General Partner to be removed shall have thirty (30) days from receipt of such notice to take action to cure the conditions or situations which give rise to the giving of said notice or to take action to prove to the satisfaction of the non-defaulting Partner that it is in error in giving such notice. If, within ninety (90) days of the date of said notice, said conditions or situations are not cured or the non-defaulting Partner has not been satisfied that it was in error, the General Partner named in said notice shall then cease to be a General Partner and the powers and authorities conferred on it as General Partner Agreement shall terminate. These provisions notwithstanding, it is understood that any action taken hereunder is subject to the arbitration provision of the Partnership Agreement.

The terms of the foregoing subparagraphs notwithstanding, in the event a General Partner is removed under the terms of the Partnership Agreement, its interests in the Partnership, including its limited partner interest, if any, shall terminate immediately and it shall lose all right to the return of capital contributions. The terms of the Partnership Agreement notwithstanding, said defaulted and removed General Partner shall be entitled to repayment of any Subordinated Loans or advances only upon refinancing and/or sale of the Development as provided for in Section XIII of the Partnership Agreement. Its interest shall be equally divided amongst the remaining Partners.

The General Partner may not sell (except as provided below), transfer, withdraw or assign its general partner interests in the Partnership without the prior written consent of the remaining Partners.

- 1. In the case of the approved withdrawal or retirement, assignment for the benefit of creditors or adjudication of bankruptcy of a General Partner, the partnership interest of the General Partner will be immediately converted to a Limited Partner interest and the representative shall be restricted to the activities, rights and duties of a Limited Partner. The Limited Partner interest provided for herein shall share in the profits and losses in the same percentage as when it was a General Partner interest.**
- 2. In the event a General Partner withdraws from the Partnership or sells, transfers or assigns its entire interest in the Partnership pursuant to the terms of this Partnership Agreement, it shall be and shall remain liable for all obligations and liabilities incurred as a General Partner before such withdrawal, sale, transfer or assignment shall become effective but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time of such withdrawal, sale, transfer or assignment shall have become effective.**

SECTION 7 – Continuation with language in Bold

- 1. To the payment of any debts and liabilities of the Partnership other than Subordinated Loans;**
- 2. To the setting up of any reserve which the General Partner deems reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership other than in respect of Subordinated Loans; provided, however, that at the expiration of such period of time as the General Partner deems advisable, the balance of such reserve remaining after the payments of such contingencies shall be distributed in the manner set forth in the Partnership Agreement entitled "Distribution of Proceeds of Refinancing and Sale";**
- 3. To the repayment of principal owing on any Subordinated Loans under Section XII.A. of the Partnership Agreement;**
- 4. To the repayment of principal and interest owing on any notes evidencing voluntary advances under Section XXII.C. of the Partnership Agreement; and**
- 5. The Partners in accordance with their respective interests.**



3695 S. State Ann Arbor

a. ii.

Developer Sponsor Experience

Property Name	Address	City	State	Zip	Total Units	Total Development Cost	Bedroom Size Mix	Income Target Mix	Completion Date	Primary Funding Source	Secondary Funding Source
Lyon Township Senior Living	20905 Pontiac Trail	South Lyon	MI	48178	130	\$ 36,500,000	70-1 Bedroom & 60-2 Bedroom	53-60% AMI & 77-Market Rate	4/21/2023	MSHDA TC/Bond	HOME
Lakeshore Village Apartments Phase	2812 Ontario Ct.	Howell	MI	48843	144	\$ 24,150,000	16-1 Bed, 84-2 Bed, 44-3 Bed	3-50% AMI & 141-60% AMI	10/21/2019	MSHDA TC/Bond	HOME
Lakeshore Village Apartments Phase	2812 Ontario Ct.	Howell	MI	48843	96	\$ 14,155,000	32-1 Bed, 52-2 Bed, 12-3 Bed	All 96 units 60% AMI	3/28/2018	MSHDA TC/Bond	HOME
Lockwood of Ann Arbor	2195 E. Ellsworth	Ann Arbor	MI	48108	154	\$ 47,155,000	89-1 Bedroom & 65-2 Bedroom	65-60% AMI & 89-Market Rate	8/24/2024	MSHDA TC/Bond	



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

SECTION C. DEVELOPMENT TEAM INFORMATION

I. Sponsor Information (General Partner/Developer/Applicant)

Contact Title: Mr Name: Mark Lockwood

Legal Name Lockwood Development Company LLC

Street Address 27777 Franklin Rd. Suite 1410

City Southfield State MI Zip Code 48034

Telephone # 248-433-7403 Ext. # Fax #

E-mail mlockwood@lockwoodcompanies.com Tax ID# 20-3925463

*If a corporation, is it inactive or newly formed (one year or less)?

Please list all persons or entities (including the amounts) who will be earning a portion of the developer fee:

Name of Principal	Company	Amount (in % of fee)
Rodney M. Lockwood, Jr.	TLG 33, LLC	100.00%

II. Ownership Entity Information (Limited Partnership/Limited Liability Company)*

Contact Title: Mr Name: Mark Lockwood

Legal Name 3695 State Limited Dividend Housing Association Limited Partnership

Street Address 27777 Franklin Rd. Suite 1410

City Southfield State MI Zip Code 48034

Telephone # 248-433-7403 Ext. # Fax #

E-mail mlockwood@lockwoodcompanies.com Tax ID# 99-4561228

***Informational letters and documents requiring signatures will be sent to the contact person listed under Ownership Entity Information (from above). Please make sure the name, street address, telephone number, and e-mail address are correct.**



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

Ownership Entity Structure:

List Individuals/Entities which Comprise the Ownership Entity	501(c)(3) or (4) or Wholly Owned Sub.	Taxpayer ID # (NO SOC. SEC. #s)	% of Owner
TLG 33, LLC.		99-4540627	1.000%
Rodney M. Lockwood, Jr.			99.990%

III. Nonprofit Organization (If applicable)

Contact Title: _____ Name: _____

Name of Org _____ Tax ID# _____

Street Address _____

City _____ State _____ Zip Code _____

Telephone # _____ Ext. # _____ Fax # _____

E-mail _____

Nonprofit Participation

1. Will there be material participation in the project by a nonprofit organization? No

2. Indicate the capacity in which the nonprofit organization will participate in the project.
Mark "X" for all that apply:

<input type="checkbox"/>	Developer	<input type="checkbox"/>	Social Service Provider
<input type="checkbox"/>	Sponsoring Organization	<input type="checkbox"/>	Management Company
<input type="checkbox"/>	General Partner/Managing Member	<input type="checkbox"/>	Other (describe below)

Other: _____

3. Will there be participation in the project ownership by a nonprofit organization? No

*If yes, indicate the percent of ownership: _____

4. Will the nonprofit form a subsidiary entity that will be a general partner/managing member? _____



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

5. Describe the material participation of the nonprofit in this project:

[Empty text box for material participation description]

6. Describe the nonprofit's purpose/mission:

[Empty text box for nonprofit's purpose/mission]

7. List the number of employees and volunteers involved with the nonprofit organization:

Employees/Volunteers: [Empty input field]

8. Name of the locality and boundaries of the locality served by the organization:

List: [Empty text box for locality name and boundaries]

9. Indicate the number of years the nonprofit has been in existence: [Empty input field]

10. Is the organization a CHDO? [Empty input field]

IV. Development Team Information

Management Entity * Is Management Firm a Related Entity? Yes

Contact Title: Mr Name: Matt Gatewood

Name of Firm* Lockwood Manangement LLC Tax ID# 38-3527070

Street Address 27777 Franklin Road, Suite 1410

City Southfield State MI Zip Code 48034

Telephone # 248-258-5223 Ext. # Fax #

E-mail mgatewood@lockwoodcompanies.com



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

Project Attorney *Is the Law Firm a Related Entity? No

Contact Title: Mr Name: Ted Rozeboom

Name of Firm* Clark Hill

Street Address 215 South Washington Square, Suite 200

City Lansing State MI Zip Code 48933

Telephone # 517-318-3019 Ext. # Fax # 517-318-3071

E-mail trozeboom@clarkhill.com

Project Accountant *Is the Accounting Firm a Related Entity? No

Contact Title: Mr Name: Frank Reinstein, CPA

Name of Firm* Schrieber Advisors PC

Street Address 6905 Telegraph Road, Suite 300

City Bloomfield Hills State MI Zip Code 48301

Telephone # 248-689-7550 Ext. # Fax #

E-mail frankr@schrieber.cpa

Consultant *Is the Consulting Firm a Related Entity?

Contact Title: Name:

Name of Firm*

Street Address

City State Zip Code

Telephone # Ext. # Fax #

E-mail



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

Builder/Contractor *Is the Contracting Firm a Related Entity? Yes

Contact Title: Mr Name: Dean Schroeder

Name of Firm* Lockwood Construction Company LLC

Street Address 27777 Franklin Road, Suite 1410

City Southfield State MI Zip Code 48034

Telephone # 248-433-7419 Ext # Fax #

E-mail dschroeder@lockwoodcompanies.com

*If a corporation, is it inactive or newly formed (one year or less)?

Architect *Is the Architecture Firm a Related Entity? No

Contact Title: Mr Name: Joshua Hahn, Vice President

Name of Firm* Hooker DeJong, Inc. (HDJ)

Street Address 665 Seward Ave. NW Suite 404

City Grand Rapids State MI Zip Code 49504

Telephone # 847-708-8446 Ext. # Fax #

E-mail joshuah@hdjinc.com

Other (Describe):

Contact Title: Name:

Name of Firm*

Street Address

City State Zip Code

Telephone # Ext. # Fax #

E-mail

*Is this Firm a Related Entity?



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan

Other (Describe): _____

Contact Title: _____ Name: _____

Name of Firm* _____

Street Address _____

City _____ State _____ Zip Code _____

Telephone # _____ Ext. # _____ Fax # _____

E-mail _____

*Is this Firm a Related Entity? _____

Other (Describe): _____

Contact Title: _____ Name: _____

Name of Firm* _____

Street Address _____

City _____ State _____ Zip Code _____

Telephone # _____ Ext. # _____ Fax # _____

E-mail _____

*Is this Firm a Related Entity? _____

Other (Describe): _____

Contact Title: _____ Name: _____

Name of Firm* _____

Street Address _____

City _____ State _____ Zip Code _____

Telephone # _____ Ext. # _____ Fax # _____

E-mail _____

*Is this Firm a Related Entity? _____



3695 South State Street, Ann Arbor Narrative

Contents

- Development Overview
- Location
- Total Project Cost and Financing
- Unit Affordability/Bedroom Mix
- Common Areas & Resident Services
- Zoning Requirements and Changes Proposed
- Environmental/Recognized Environmental Contaminants
- Relocation
- Design Concepts

Development Overview

The proposed development represents a rare opportunity to construct affordable housing in the highly desirable city of Ann Arbor. This 66-unit development will be fully affordable at 60% of the area median income.

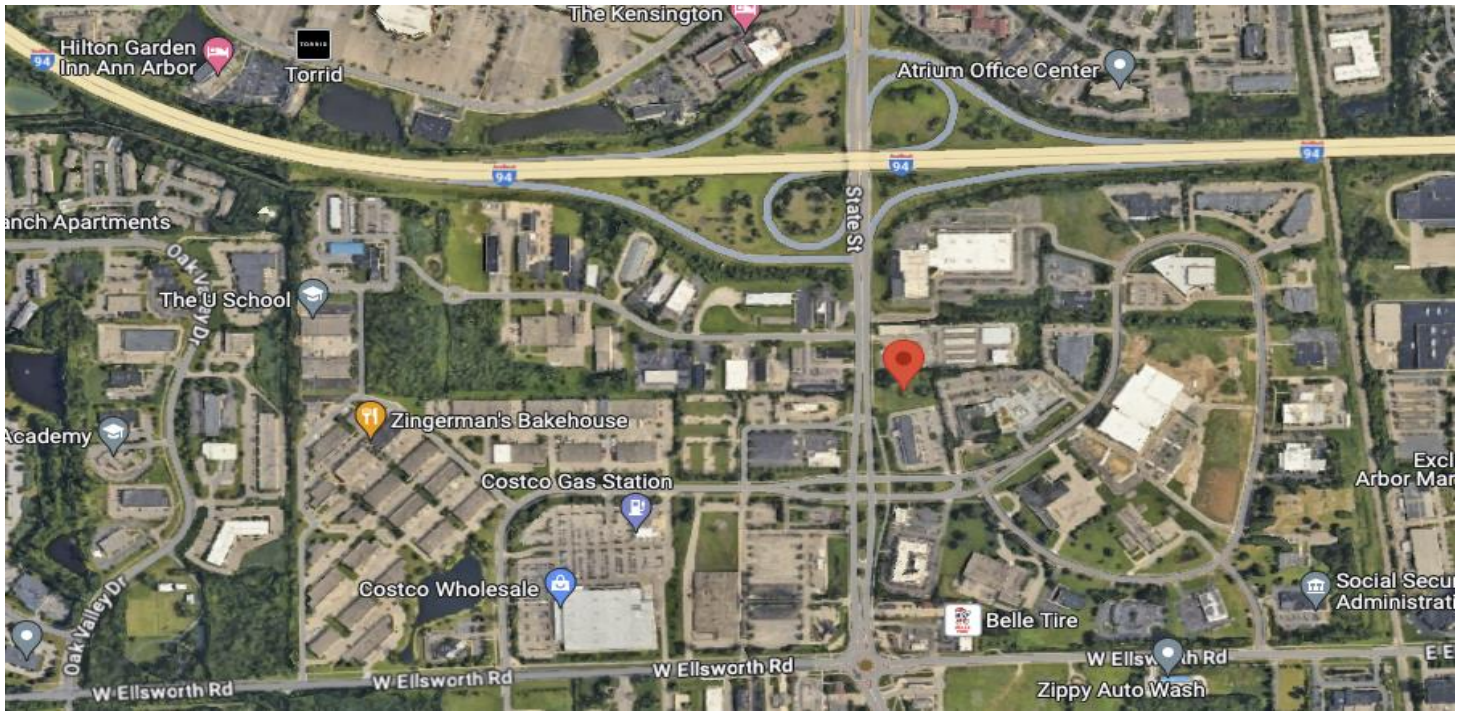
This modern designed building will look and feel like the market rate comparables in the areas. With community lounge spaces, fitness center, balconies, washer/dryer, electric vehicle chargers, and many more amenities, this will offer tremendous value to residents.

Located on State Street, the main thoroughfare through Ann Arbor, the site is extremely well located to provide residents with access to the many benefits that Ann Arbor has to offer. With a bus stop directly out front, a shared-use trail, and easy parking, residents will have an abundance of ways to access the broader community.

As housing costs in Washtenaw County continue to skyrocket, this development will help ease that burden and provide access to high quality housing at a reasonable price point for 30+ years.

Location

The site is located at 3695 S State Street, Ann Arbor, Michigan 48108



Total Project Cost and Financing

The total development cost is \$22.8 million. The permanent funding sources consist of:

- a) LIHTC Equity - \$9 million
- b) MSHDA Permanent Loan - \$7.6 million
- c) MSHDA Gap Financing - \$3.7 million
- d) Deferred Developer Fee - \$1 million
- e) Ann Arbor Housing Commission - \$1.5 million (Requested)

Schedule & Phasing

The development will be constructed in a single phase. Closing on all financing is anticipated by May 2025, and the construction phase should take 22 months to complete. Grand opening is expected to take place in the summer of 2027.

Unit Affordability/Bedroom Mix

100% of the units will be set aside for households averaging 60% or less of the AMI, with 5 of those units being reserved as HOME units. The proposed multi-family community has a total of 66 units which consist of 36 one-bedroom units and 17 two-bedroom units.

Unit Type	APARTMENT UNIT MIX											
	70% AMI			60% AMI			60% High HOME			50% Low HOME		
	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance
One Bedroom/One Bathroom	6	\$1,453	\$ 115	24	\$1,229	\$ 115	8	\$ 1,119	\$ 115	6	\$ 1,005	\$ 115
Two Bedroom/Two bathroom	1	\$1,730	\$ 153	15	\$1,461	\$ 153	4	\$ 1,318	\$ 153	2	\$ 1,192	\$ 153

Common Areas and Resident Services

Storage areas including bike storage stations and electric car charging stations will be located on the apartment grounds. Ample parking surrounds the outside of the building. The development will have a robust amenity package in line with its market rate competition. This package involves a secure, parking gated lot with EV chargers available. Additional bike storage and dedicated resident storage lockers are planned for inside the building. The community spaces will include a commercial-grade fitness center, a community lounge space with coffee bar and business center.

Zoning Requirements

The site is current zoned O-Office. While this designation does allow for multi-family housing, it does not allow for the proposed unit density and configuration. We have been working closely with the City’s Planning Department and they have advised that a PUD would be the most appropriate designation. The PUD process can be lengthy, but we are actively working with the City on that. We presented our concepts in front of the Ann Arbor Planning Commission on August 20th and received very favorable comments.

Environmental/Recognized Environmental Contaminants

A Phase I has been ordered through PM Environmental and is expected to be received at any moment. We are happy to provide a copy once that is received.



Relocation

The site is currently vacant land. No relocation will be required.

Employment Opportunities

This site is located less than 3 miles from the University of Michigan, a major employer in the area. In addition, U of M Hospital, Trinity Health Medical Center, City of Ann Arbor, Zimmerman's Family of Businesses, ProQuest, Washtenaw Community College and Ann Arbor Public Schools are major employers in Ann Arbor.

Public Transportation

The Ride has a bus stop on each side of the entrance to the property. The routes provide transportation service 7 days a week. Monday through Friday every half hour between 7:15 am and 11:15 pm. Weekend routes run every hour between 9:15 am to 7:15 pm with Saturday running until 10:15 pm.

Green Building Standard

The project sponsor, architect and general contractor will pursue an Enterprise Green Certification for this new construction project.

Walk Score, Amenities, and Public Schools

The location has a walk score of 51. The project is located within the award-winning Ann Arbor Public School District. The site is situated directly on a hike/bike trail, and includes a bus stop directly out front.

Residents will benefit from a variety of nearby amenities that are less than 2 miles and they include:

- Ann Arbor District Libraries
- Bryant Elementary School
- Meijer Supermarket & Pharmacy
- Costco Groceries and Pharmacy
- Dr. Shaili Rajput
- Great Start Licensed Childcare
- Clinton Park
- Briarwood Mall
- Black Rock Bar & Grill
- The Bistro
- Key Bank, PNC and Bank of America
- Claw Kicker Arcade
- Launch Family Entertainment
- Revel & Roll Bowling Alley

Number of Jobs Created

The general contractor, Lockwood Construction Company, estimates that the development will create 113 temporary construction jobs throughout the 18-month construction period.

The property manager, Lockwood Management Company, anticipates it will employ two full time equivalent positions on site: one full-time property manager, and one full -time maintenance manager.

Development Team Contacts

Project Sponsor: Lockwood Development Company, LLC
Mark Lockwood, President and CEO
Stephen Dronen, Vice President of Development
27777 Franklin Road, Suite 1400, Southfield, MI 48034
mlockwoof@lockwoodcompanies.com; sdronen@lockwoodcompanies.com
Mark's number – 248-703-0145; Stephen's number – 513-262-2518



General Contractor: Lockwood Construction Company, LLC.
Dean Schroeder
27777 Franklin Road, Suite 1410, Southfield, MI 48034
248-433-7419; dschroeder@lockwoodcompanies.com



Property Manager: Lockwood Management Company, LLC.
Matt Gatewood, Vice President – Property Management
27777 Franklin Road, Suite 1410, Southfield, MI 48034
248-258-5223; mgatewood@lockwoodcompanies.com



Architect: Hooker DeJong, Inc. (HDJ)
Joshua Hahn, Vice President
665 Seward Ave. Grand Rapids, MI 49504
847-708-8446; joshuah@hdjinc.com



Civil Engineer: Atwell Group
William Anderson, SVP
311 North Main Street, Ann Arbor, MI 48104
734.994.4000; wanderson@atwell-group.com



Accountant: Schreiber Advisors, P.C.
Frank Reinstein, CPA- Partner
6905 Telegraph Road, Suite 300, Bloomfield Hills, MI 48301
248-689-7550; frankr@schreiber.cpa



Environmental: PM Environmental, Inc.
Mike Kulka, P.E. | *Principal Engineer – Vice President of Business Development*
4080 West Eleven Mile Road, Berkley, MI 48072
248-414-1425; mike.kulka@pmenv.com



Legal: Clark Hill
Ted Rozeboom, Member.
215 South Washington Square, Suite 200, Lansing, MI 48933
517-318-3019; trozeboom@clarkhill.com



Descriptive Narrative

Affordable housing is at an extreme premium in Ann Arbor. As one of the most desirable cities in the state, Ann Arbor continues to experience a housing crisis. Market rate rents in the area are now pushing \$3-5 per square foot for certain products, and citizens are being outpriced from participating in this strong economy. The proposed development on State Street provides a much-needed alternative as a safe, attractive, well-designed home at variable price points.

State Street is one of the main streets that run through downtown Ann Arbor. Providing connectivity to the University of Michigan, downtown Ann Arbor, Briarwood Mall, and a host of job opportunities. This specific site will have high visibility, and with its direct connections into town and its easy access on and off I-94, it is ideally located for the residents who want to live and work in Washtenaw County. State Street is a multi-use street, with residential, restaurants, offices, and shopping. By locating on such a prized street, this development will be well positioned for success.

The single building will be designed in a way that looks and feels like other newer, market rate developments in Ann Arbor. This modern design will make it appealing to residents of all walks of life. Guests will enter through the gated entry to their secured lot, walk through a landscaped “courtyard” area, and enter a welcoming lobby before taking one of two elevators to their modern apartment. Once inside, residents will have smartly designed units with outdoor balcony space offering amazing views of downtown Ann Arbor and the University of Michigan. Units on the north and west side of the building will also have views out directly toward Michigan Stadium, offering a premium experience.

Common areas will be equipped with spaces that offer a community lounge to interact with their neighbors, including a coffee bar and computer/business center, a fitness center, and a suite of welcoming offerings to feel at home. The site itself will be heavily landscaped and offer courtyard seating and grilling spaces for residents to enjoy the outdoors (in addition to their own dedicated outdoor spaces).

Adding to the superb connect ability of the site is a hike/bike trail immediately in front of the property. This will offer residents the option to use other means of transportation beyond just the excellent vehicular connections the site offers. And to make matters even more attractive, the site provides a bus stop directly in front of the building, providing residents with easy access to downtown Ann Arbor, the University, a direct connecting to the Blake Street Transit Center, should residents want to connect to other areas such as Ypsilanti and the Eastern Michigan University Campus.

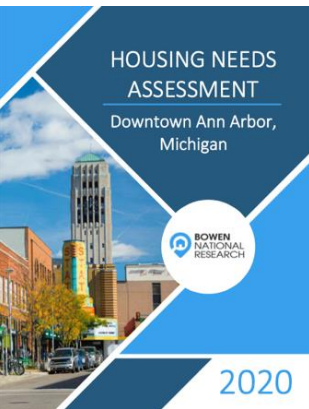


Community Needs & MSHDA Statewide Housing Plan

The Ann Arbor Comprehensive Plan is currently being revised. But there are several other plans that have officially been adopted by the City which cover this development site. The South State Street Corridor Plan (the “SSCP”) places a heavy emphasis on the specific corridor in which the subject site is located. Page 8 of the plan lays out the vision for this corridor. Amongst the five objectives that compose that vision one of them is, *“A vibrant and diverse corridor that is made up of a mix of services, offices, housing, and amenities that meet the needs of all age groups, income levels, household types, ability levels, and cultures. Land use systems will be compatible and complementary, and will include residential, commercial, office, industrial, and mixed uses.”* It has been the City’s vision to see all types of housing be developed along the South State Street corridor.

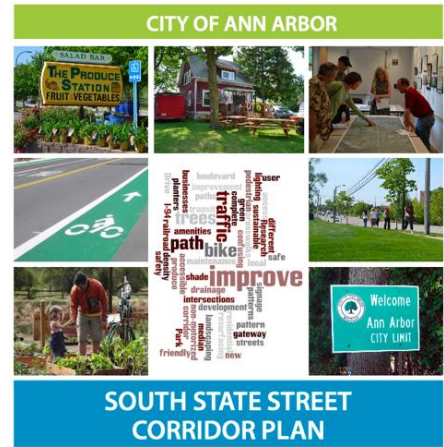
The plan goes on to specify the need for more diverse housing. Specifically stating that “as housing is integrated into the corridor, encourage the expansion of affordable housing options.” Since the plan was adopted by the City in 2013, the need for affordable housing has only increased.

In 2020, Bowen National Research provided the City with a Housing Needs Assessment. This report concentrated on downtown, but also covered the surrounding areas of Ann Arbor as the Primary Statistical Area. Bowen reports that downtown Ann Arbor’s “rate of population and household growth has outpaced the surrounding areas and state over the past 10 years, a trend that is expected to continue through 2025.”



As demand has continued to increase significantly since the publication of this report, affordability continues to be a major challenge in Ann Arbor. The proposed development helps to advance many of the City’s objectives. From increasing access to affordable housing, to diversifying the South State Street Corridor, to sustainable design (solar panels and EV chargers), this development meets many of the needs that have been identified by the local community.

MSHDA’s Statewide Housing Plan calls for the creation of 39,000+ affordable units and 21,500+ market rate units. These ambitious figures will not be accomplished overnight or by any one individual project. But rather by incrementally growing the availability of housing in the areas where it is most needed. This development helps address both the market-rate and affordable objectives by providing mixed-income housing options.



An element of the City of Ann Arbor Master Plan: Land Use Element



Adopted by the City Planning Commission on May 21, 2013
Adopted by the City Council on July 15, 2013



DIVERSE HOUSING

CM-3: As housing is integrated into the corridor, encourage the expansion of affordable housing options

1. Analyze residential market data that will inform neighborhood housing markets and develop housing strategies for the corridor
2. Determine whether tools such as voluntary agreements with subsidies or density bonus incentives will result in more affordable rental housing as development occurs along the corridor
3. Promote policies and development that assure a mix of housing options
4. Promote affordable market-rate housing options

Housing Supply

A Majority of Downtown Ann Arbor Renters are Considered Housing Cost Burdened – Households that are cost burdened (typically paying more than 30% of income toward housing costs) often find it difficult to pay for housing and meet other financial obligations. An estimated 55.5% of renter-occupied households in the DSA

Housing Affordability Remains a Challenge for Many Area Renters

A total of 1,893 (55.5%) of all Downtown renters are considered “housing cost burdened,” meaning they pay over 30% of their income toward housing.

(Downtown) pay more than 30% of their income toward rent. In the surrounding PSA (Balance of City), this share is 49.3%. These shares of rent burdened households are relatively high when compared with the rest of the county (45.0%) and Michigan (45.8%). With over half of all renters paying a disproportionately high share of their income toward rent, it is clear that many of these nearly 1,900 renter households in the DSA would benefit from the addition of new affordable rental product. These households have been considered in our housing gap estimates. The following graph compares the percent of renter household income that is applied to housing costs for each study area.

Conceptual Design



Preliminary Site Layout



Conceptual Plans



FRONT ELEVATION

1/8" = 1'-0"

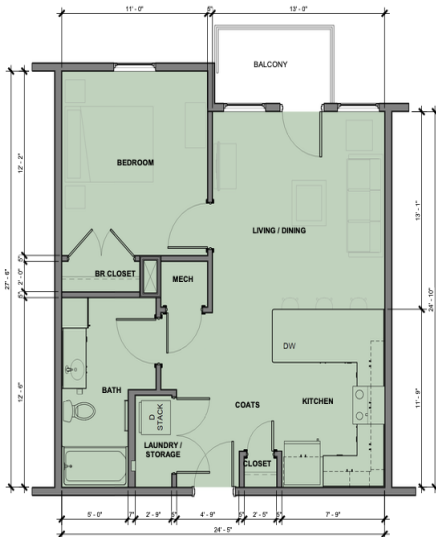


OVERALL FIRST FLOOR PLAN



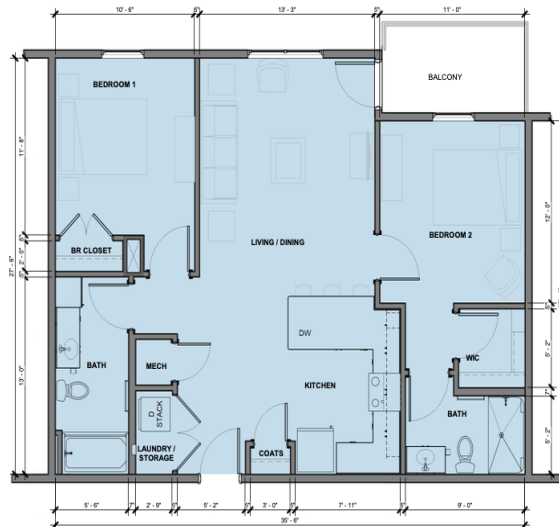
OVERALL SECOND FLOOR PLAN

(THIRD & FOURTH SIM.)



TYPICAL ONE-BEDROOM UNIT

634 SF NET AREA / 679 SF GROSS



TYPICAL TWO-BEDROOM UNIT

928 SF NET AREA / 985 SF GROSS



3695 S. State Ann Arbor

a. Iv.

Debarments/ Bankruptcies

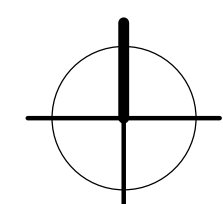
No managing members of the Developer/ Sponsor entities have any disbarments, loan defaults, bankruptcies or pending litigations.



3695 S. State Ann Arbor

b. ii. Rent Plan

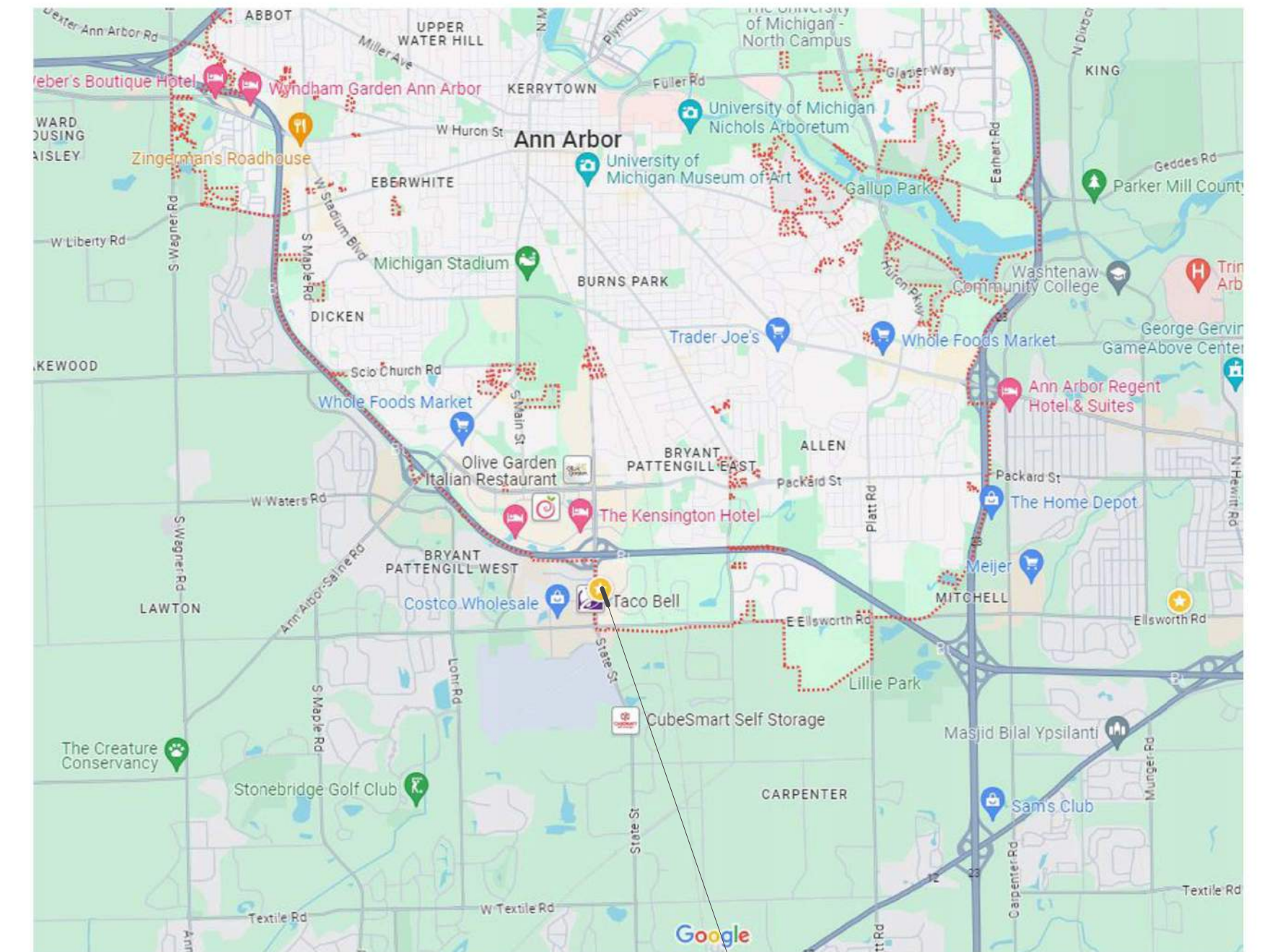
APARTMENT UNIT MIX												
Unit Type	70% AMI			60% AMI			60% High HOME			50% Low HOME		
	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance	# of Units	Rent	Utility Allowance
One Bedroom/One Bathroom	6	\$1,453	\$ 115	24	\$1,229	\$ 115	8	\$ 1,119	\$ 115	6	\$ 1,005	\$ 115
Two Bedroom/Two bathroom	1	\$1,730	\$ 153	15	\$1,461	\$ 153	4	\$ 1,318	\$ 153	2	\$ 1,192	\$ 153



SITE CONTEXT MAP

1 : 2000

VICINITY MAP



SITE LOCATION

ZONING MAP

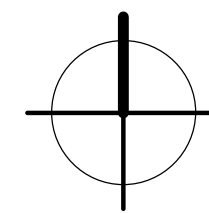


SITE LOCATION



SITE INFORMATION

SITE ADDRESS:	3695 S STATE STREET, ANN ARBOR, MI	BUILDING HEIGHT:	REQUIRED: 120' PROPOSED: 4 STORIES / 52'
PARCEL NUMBER:	09-12-09-300-016	PARKING:	REQUIRED: NONE (SPACE SIZE 9' x 18')
SITE AREA:	1.43 ACRES / 62,290 SF	BIKE PARKING:	REQUIRED: 1 PER 5 UNITS 50% CLASS A / 50% CLASS C PROPOSED: 14 SPACES (7) CLASS A & (7) CLASS C
ZONING:	CURRENT: O - OFFICE PROPOSED: PUD R4D REGULATIONS SHOWN BELOW)	EV PARKING:	REQUIRED: 90% EV-C / 10% EV-I PROPOSED: (7) EV-I & (63) EV-C
BY-RIGHT USE:	DWELLING, MULTI-FAMILY		
MIN. OPEN SPACE:	REQUIRED: 50% PROPOSED: 27%		
DENSITY:	MAXIMUM: 25 DU / ACRE (36 UNITS) PROPOSED: 66 UNITS (46.2 DWELLING UNITS PER ACRE)		
FRONT SETBACK:	REQUIRED: 15' MIN. / 40' MAX. PROPOSED: 15'		
REAR SETBACK:	REQUIRED: 30' PROPOSED: 68'-3"		
SIDE SETBACKS:	REQUIRED: 30' PROPOSED: 20'-6" NORTH / 59'-0" SOUTH		



OVERALL SITE PLAN

1" = 20'-0"

BUILDING MATRIX				
	ONE BR	TWO BR	TOTAL	GROSS AREA
FIRST FLOOR:	10	5	15	16,756 SF
SECOND FLOOR:	11	6	17	16,756 SF
THIRD FLOOR:	11	6	17	16,756 SF
FOURTH FLOOR:	11	6	17	16,756 SF
TOTAL:	43 (65%)	23 (35%)	66	67,024 SF



OVERALL SECOND FLOOR PLAN

(THIRD & FOURTH SIM.)



OVERALL FIRST FLOOR PLAN

OVERALL FLOOR PLANS

1/16" = 1'-0"



FRONT ELEVATION
1/8" = 1'-0"



3695 S. State Ann Arbor

b. iii. Market Study

A market study has been ordered through the Michigan State Housing Development Authority. MSHDA selected Baker Tilly to provide the market study, and the report is expected to be received very soon. When received, it will be shared with the Ann Arbor Housing Development Commission.



3695 S. State Ann Arbor

b. v. Community Engagement

Lockwood Development is committed to a robust community engagement process and will schedule additional public meetings over the coming months leading up to construction start.

Lockwood has presented the project at a public meeting in front of the Ann Arbor Planning Commission on August 20, 2024. This meeting was advertised in advance, was open to the public, and broadcast online via zoom for additional public comments.

As part of the PUD process, we will hold additional public meetings for the express purpose of soliciting further feedback and comments as we shape the design. Notices will be mailed out to property owners in the area. The immediate neighbors are largely office, hotel, and commercial uses, but we will endeavor to attract a wider audience.



3695 S. State Ann Arbor

c. ii.

This is not applicable.
3695 S. State Ann Arbor is not
an acquisition nor
rehab project.



3695 S. State Ann Arbor

Exhibit 08

Land Control

The property was optioned on 5-15-24, and the option period commenced on 5-15-24 and expires on 11-6-25.

BJH

PURCHASE and SALES AGREEMENT

This Purchase and Sales Agreement (Agreement) is made May 15th, 2024 (Effective Date), by and between WF 3695 LLC, whose address is 230 Huronview Boulevard, Ann Arbor, MI 48103 (Seller), and Lockwood Development Company LLC, whose address is 27777 Franklin Road, Suite 1410, Southfield, MI 48034, as Purchaser (Purchaser), upon the following terms and conditions:

1. **Description of Property.** Seller owns the real estate and improvements commonly known as 3695 S. State Street, Ann Arbor, containing approximately 1.43 acres, described on Exhibit A, Tax Parcel ID No. 09-12-09-300-016 (the Property). The legal description of the Property will be verified by the Survey and Title Commitment described below, and Exhibit A shall be amended if necessary.

2. **Sale.** Seller shall sell and Purchaser shall purchase the Property including all of Seller's right, title and interest in and to all appurtenances, improvements, structures, fixtures, easements, rights-of-way, including any land lying in the bed of any street, road, alley, or right-of-way, adjoining the Property (including the interest of Seller in and to any award made or to be made in lieu thereof), mineral rights, air rights, development rights, any unpaid award for damages to the Property, all engineering studies and surveys, if any, and all rights to divide the Property, including the maximum number of divisions permitted under the Michigan Land Division Act.

3. **Purchase Price.** The purchase price (Purchase Price) for the Property shall be One Million Seven Hundred Thousand and 00/100 Dollars (\$1,700,000.00), increased or decreased to reflect closing adjustments and prorations described below. The Purchase Price shall be paid in full at closing.

4. **Earnest Money Deposit.** Purchaser shall, within five (5) business days of the Effective Date, deliver to Liberty Title Agency (the Title Company) a check in the amount of Fifty Thousand and 00/100 Dollars (\$50,000.00) as an earnest money deposit (Deposit). The Deposit shall be held in the Title Company's escrow account. Any interest earned on the Deposit shall be deemed a part of the Deposit and the Deposit shall be applied to the Purchase Price at closing. The Deposit shall be returned to Purchaser or disbursed to Sellers, as the case may be, in accordance with the terms of this Agreement.

5. **Holding Period Payments.** In recognition of the property taxes that must be paid on the Property during Purchaser's due diligence inspections of the Property, beginning One Hundred Eighty (180) days after the Effective Date, Purchaser shall pay Seller the amount of Five Thousand and 00/100 Dollars (\$5,000.00), and continuing every three (3) months thereafter while this Agreement is in effect (the Holding Payments). The last Holding Payment made prior to the Closing (defined below) shall be prorated at Closing in the same method that property taxes are prorated. The Holding Payments are not part of the Deposit and are non-refundable (except in the event of an uncured default, as defined below, by Seller of the terms of this Agreement).

6. **Conveyance by Warranty Deed; Assignment of Leases.** At Closing, Seller shall:

6.1. Convey by Covenant Deed marketable title to the Property free and clear of all liens, encumbrances and easements, except easements acceptable to Purchaser as set forth in Section 9 below and the Permitted Exceptions. The Property shall not be subject to any covenants, easements, restrictions, zoning, building or use codes, ordinances or regulations which would prohibit or materially restrict Purchaser's intended use of the Property.

6.2. Assign to Purchaser Seller's interest in all tenant leases (if any) of the Property (Leases) including any security or other deposits. At Closing, Purchaser shall assume such Leases pursuant to a written assignment of Leases acceptable to Purchaser (Assignment of Leases)

7. **Title Insurance Commitment and Policy.** Within ten (10) days after the Effective Date, Seller shall, at Seller's sole cost and expense, procure and deliver to Purchaser a commitment for an owner's fee policy of title insurance, without standard exceptions, in the amount of the Purchase Price of the Property, dated on or after the date of this Agreement (Commitment), from the Title Company, committing the Title Company to insure Purchaser as fee simple owner of the Property, and evidencing marketable title in Purchaser free of all liens, encumbrances, easements, building and use restrictions and restrictions of record except those approved by Purchaser as set forth in Section 9 below and subject to the Permitted Exceptions, together with a copy of all documents of record affecting the Property. At Closing, Seller shall cause the Title Company to "mark-up" the Title Commitment to reflect the condition of title at the date of Closing and show Purchaser as both insured and fee simple owner. Seller shall cause the Title Company to issue the owner's policy of title insurance and endorsements required under this Agreement as soon as possible after Closing, provided the cost of any and all endorsements shall be borne by Purchaser. As used herein, the term "Permitted Exceptions" means: (i) easements, restrictions, covenants and agreements of record including, but not limited to, those appearing in Schedule B-II of the Commitment to which Purchaser does not object in accordance with Section 9 below; (ii) the rights of tenants in possession; (iii) zoning ordinances; (iv) taxes which are a lien but not then due and payable; (v) building and use restrictions of record to which Purchaser does not object in accordance with Section 9 below; (vi) matters that would be disclosed by an accurate survey or inspection of the Property to which Purchaser does not object in accordance with Section 9 below; and (vii) the rights of the public and of any governmental unit in any part thereof taken, used or deeded for street, road or highway purposes

8. **Survey.** Within ninety (90) days of the Effective Date of this Agreement, Purchaser shall, at Purchaser's cost, cause to be prepared a survey of the Property acceptable to Purchaser in its sole discretion, containing an accurate metes and bounds description of the Property and identifying the location of all structures, easements, rights of way, improvements and encroachments thereon (the Survey), and which also shows any exceptions contained in the Commitment. The Survey will be in a form that permits the issuance of a title insurance policy without standard survey exceptions.

9. **Objections To Title And Survey.** Within twenty (20) days after receiving the Commitment, or the Survey, respectively, Purchaser may object in writing to the condition of title or the Survey, based on the Commitment, the Survey or as otherwise discovered by Purchaser. Seller shall have ten (10) days from Seller's receipt of Purchaser's written objection to use its good faith efforts to cure the objection or provide evidence satisfactory to Purchaser, in its sole discretion, that the objection will be cured on or before the Closing, and if the objection was to the Commitment, to provide Purchaser with an updated Commitment (the Updated Commitment), which evidences that Purchaser's objection has been cured and will be adequately insured against, as determined by Purchaser in its sole discretion, provided, however, it is expressly understood that Seller shall have no obligation to effect the cure of any such objections. Alternatively, if the objection is to the Survey, Seller shall have twenty (20) days from receipt of Purchaser's written objection to use its good faith efforts to cure the objection such that an updated survey may be issued that is satisfactory, in Purchaser's sole discretion, provided, however, it is expressly understood that Seller shall have no obligation to effect the cure of any such objections. If Seller is unable or unwilling to cure the objection within, respectively, the ten (10) day or twenty (20) day period, then (i) Purchaser, at its option, may waive the objection and the parties shall continue to perform their obligations, subject to the terms and conditions of this Agreement; or (ii) Purchaser may terminate this Agreement, in which event Purchaser shall receive a prompt refund of the Deposit and the parties shall have no further rights or obligations under this Agreement. If, at the Closing, there exists any lien or other encumbrance that secures or seeks to enforce against the Property a specified sum of money that has not been discharged or satisfied by Seller, Purchaser may, in addition to its other rights and remedies, elect to satisfy and discharge or assume the payment of said lien or encumbrance, in which event Purchaser shall receive a credit to the Purchase Price equal to the amount expended or assumed by Purchaser. Purchaser shall have the continuing right at any time prior to Closing to object to the condition of the title to the Property for matters which arise or which are disclosed subsequent to the initial Commitment (or the Updated Commitment), and the parties shall have the same rights to cure or waive such defect or terminate this Agreement as provided above. Notwithstanding anything to the contrary, Seller shall not be in default under this Agreement for failure to eliminate any exceptions or Commitment or Survey objections made by Purchaser.

10. **Delivery of Materials for Review.** Within seven (7) days after the Effective Date, Seller shall deliver to Purchaser for review the following materials within custody of, or accessible to, Seller (collectively, the Documents), subject to any and all confidentiality requirements herein:

10.1. Environmental Reports. Copies of all environmental or geological reports, or other documents, including wetland or woodland studies, concerning the Property.

10.2. Building Materials. Copies of any and all surveys, soil testing, architectural and engineering reports, architectural, structural, engineering and as-built plans and specifications, site plans (the Plans), permits, licenses and inspection approvals concerning the Property and/or required by any governmental authority for the construction, occupancy, use and operation of the Property.

10.3. Leases. A list of tenants of the Property (Tenants) and copies of all Leases (if any).

10.4. Books and Records. Copies of all appraisals, financial information, income and expense statements, property tax bills, utility bills, other paid bills and additional records reasonably requested by Purchaser pertaining to the Property for the preceding three (3) years including capital improvements, rent rolls and a list of security or other Tenant deposits (Books and Records).

10.5. Approvals. Copies of all permits, certificates of occupancy and development approvals in connection with the Property.

10.6. Contracts. Copies of all management or service contracts, equipment leases, licenses or other contractual rights, related to the Property.

10.7. Other. All records and documents in Seller's possession or reasonably available to Seller pertaining to the Property and Leases, including but not limited to any details regarding pending or threatened litigation, any insurance issues, an inventory of all personal property owned and used in connection with the operation of the Property, previous title commitments or policies, any documents related to off-site parking, and any other documents requested by Purchaser, applying commercially reasonable standards.

Purchaser shall maintain the confidentiality of the Documents, and only release them to any of its consultants, advisers, or other business professionals involved in the decision to purchase the Property.

Seller has made no warranty or representation of any kind with respect to the Documents including, but not limited to, their accuracy or whether or not the same are complete, and Seller expressly disclaims any such warranty or representation.

In the event of the termination of this Agreement, Purchaser shall promptly thereafter destroy all copies of Documents in its possession, however stored or maintained, and Purchaser shall cause all of the related parties, if any, to whom were delivered (in whatever format) any of Documents likewise to destroy the same promptly after termination. This sentence shall survive termination of this Agreement.

11. Inspection Of Property and Documents, and Governmental Approvals. For a period of three hundred sixty (360) days following the Effective Date (the Inspection Period), Purchaser shall have the right to inspect or cause to be inspected all elements and aspects of the Property, including but not limited to the physical and environmental condition of the Property, the availability of permits and governmental approvals, financing for the purchase of the Property, the availability of utilities, and the Documents pertaining to the Property. (This Inspection Period is separate from, but concurrent with, the title and survey investigations referenced in Paragraphs 7 and 8 above.) At all reasonable times on reasonable notice during the term of this Agreement, Seller grants to Purchaser, and those persons designated by Purchaser, the right to enter upon the Property in order to inspect the Property and to make engineering and environmental tests and studies to determine the feasibility of Purchaser's proposed use of the Property (a rental apartment community that qualifies for "low income housing tax credits"),

provided, however, Purchaser shall not conduct a Phase II environmental site assessment or any other form of invasive testing or sampling without the prior written consent of Seller, which shall not be unreasonably withheld, conditioned, or delayed. Purchaser shall use all reasonable efforts to minimize any damage to the Property and, in the event any portion of the Property is disturbed or altered by Purchaser's investigations, Purchaser shall promptly, at its sole cost and expense, restore the Property to substantially the same condition that existed prior to such disturbance or alteration. Purchaser also has the right to apply for any zoning or other governmental approvals required for Purchaser's proposed use of the Property, and Seller shall execute any applications or other forms required in order for Purchaser to pursue such approvals; provided however that Seller shall not be responsible for, or incur, any costs related to such applications. Purchaser shall not interfere with the operation of the Property during the conduct of the inspections or communicate with tenants of the Property.

During such periods of time as Purchaser is allowed to enter the Property pursuant to the terms of this Agreement, Purchaser shall take all steps necessary to protect the Property from damage by reason of its activities and, in the event of any such damage to the Property, Purchaser shall promptly restore or cause to be restored that portion of the Property so damaged to the condition existing prior to such damage. Purchaser agrees to indemnify, defend and hold Seller harmless from and against any and all claims, losses, damages, costs and expenses (including, but not limited to, attorneys' fees and costs), arising out of or resulting in any manner from the entry onto the Property by Purchaser, and any activities thereon by Purchaser, its agents, employees and contractors of activities, including, but not limited to, personal injury (including death) and property damage (Hold Harmless One).

Purchaser shall not permit any construction or other lien to be filed against any of the Property as the result of any work, labor, service or materials performed or furnished, by, for or to Purchaser, its employees, agents and/or contractors. If any such lien shall at any time be filed against the Property, Purchaser shall, without expense to Seller, cause the same to be discharged of record by payment, bonds, order of a court of competent jurisdiction or otherwise, within 30 days of the filing thereof. Purchaser shall indemnify, defend and hold harmless Seller against any and all claims, losses, damages, costs and expenses (including, but not limited to, attorneys' fees and costs), arising out of the filing of any such liens and/or the failure of Purchaser to cause the discharge thereof as same is provided herein (Hold Harmless Two).

Purchaser shall procure and continue in force and effect from and after the date Purchaser first desires to enter the Property, and continuing throughout the term of this Agreement, the following insurance coverages placed with a responsible insurance company licensed to do business in the State in which the Property is located having an A.M. Best's rating of "A-IX" or better: comprehensive general liability insurance with a combined single limit of not less than \$2,000,000.00 per occurrence or commercial general liability insurance with limits of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. To the extent such \$2,000,000.00 limit of liability is shared with multiple properties, a per location aggregate shall be included. Seller and/or its designees shall be included as additional insureds under such comprehensive general liability or commercial general liability coverage. Purchaser shall deliver to Seller a certificate of such insurance evidencing such coverage prior to the date Purchaser enters the Property. Such insurance may not be cancelled or amended except upon 30 days' prior written notice to Seller. The

minimum levels of insurance coverage to be maintained by Purchaser hereunder shall not limit Purchaser's liability under this Section.

Both Hold Harmless One and Hold Harmless Two shall survive the Closing or termination of this Agreement.

Notwithstanding anything herein to the contrary, Purchaser hereby expressly acknowledges and agrees that Purchaser has or will have, prior to the end of the Inspection Period, thoroughly inspected and examined the Property. Purchaser hereby further acknowledges and agrees that Purchaser is relying solely upon its Inspections and that Purchaser is purchasing the Property on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis, without representations, warranties or covenants, express or implied, of any kind or nature including, but not limited to, the zoning of the Property, the tax consequences to Purchaser, the physical condition of the Property, environmental compliance, governmental approvals and compliance of the Property with applicable rules, regulations, ordinances and statutes. The express intention of Purchaser and Seller is that Purchaser shall purchase the Property from Seller without any representations, warranties or covenants, express or implied, from or of Seller, except as otherwise set forth herein. Purchaser hereby waives and relinquishes all rights and privileges arising out of, or with respect to or in relation to, any representations, warranties or covenants, whether express or implied, which may have been made or given, or which may be deemed to have been made or given, by Seller. Without limiting the generality of the foregoing, Purchaser hereby further acknowledges and agrees that warranties of merchantability and fitness for a particular purpose are excluded from the transaction contemplated hereby, as are any warranties arising from a course of dealing or usage or trade, and that Seller has not represented or warranted, and Seller does not hereby represent or warrant, that the Property now or in the future will meet or comply with the requirements of any health, environmental or safety code or regulation of the United States of America, the state where the Property is located, or any other authority or jurisdiction. Without limiting the generality of the foregoing, in the event Purchaser actually takes title to the Property, Purchaser hereby assumes all risk and agrees that Seller shall not be liable to Purchaser (or Purchaser's successors and assigns) for, and Purchaser hereby expressly waives any claims it may have now or in the future against Seller on account of, any special, direct, indirect, consequential or other damages resulting or arising from or relating to the ownership, use, condition, location, maintenance, repair or operation of the Property.

If Purchaser, in its sole discretion, determines that the condition of the Property is unsatisfactory, Purchaser may, at its option at any time prior to 5:00 p.m., local time, on the last day of the Inspection Period (the Notification Date), elect in writing to terminate this Agreement. (If the Notification Date is a Saturday, Sunday, or legal holiday in the state in which the Property is located and those days on which banking institutions in such state are authorized by law to close for business, the Notification Date shall be extended to the next business day.) If Purchaser elects to terminate this Agreement on or before the Notification Date, the Deposit (together with any interest) shall be returned to Purchaser, Purchaser shall return to Seller all materials pertaining to the Property provided by Seller, and the parties shall have no further rights or obligations under this Agreement except those that specifically survive termination of this Agreement. If Purchaser elects to proceed with the potential purchase of the Property, the Deposit shall become non-refundable and released to Seller (although applicable to the Purchase

Price) and Seller shall be entitled to the Deposit if Purchaser ultimately elects not to purchase the Property (except in the event of a default, as defined below, by Seller of the terms of this Agreement).

Following the end of the Inspection Period, if Purchaser elects to continue with the potential purchase of the Property, Purchaser shall have an additional one hundred eighty (180) day period in which to obtain the financing, specifically including the "low income housing tax credits" required for Purchaser to use the Property for its intended purposes (the Financing Period).

If Purchaser, in its sole discretion, determines that it cannot obtain the financing approvals as needed within this one hundred eighty (180) day period (the Financing Approval Period), Purchaser may, at its option at any time prior to 5:00 p.m., local time, on the last day of the Financing Approval Period (the Financing Approval Notification Date), elect in writing to terminate this Agreement. (If the Financing Approval Notification Date is a Saturday, Sunday, or legal holiday, the Financing Approval Notification Date shall be extended to the next business day.) If Purchaser elects to terminate this Agreement on or before the Financing Approval Notification Date, unless already released to the Seller, the Deposit (together with any interest) shall be delivered to Seller, Purchaser shall return to Seller all materials pertaining to the Property provided by Seller, and the parties shall have no further rights or obligations under this Agreement.

If Purchaser does not provide Seller with notice of termination on or before the Financing Approval Notification Date, Purchaser shall be deemed to have elected to purchase the Property and the parties shall proceed to perform their respective obligations in accordance with and subject to the terms and conditions of this Agreement.

12. **Seller's Cooperation.** Seller shall reasonably cooperate and assist Purchaser in Purchaser's efforts to inspect the Property, review the Documents, determine the availability of permits and approvals necessary for Purchaser's intended use of the Property, although at no expense to Seller, and shall reasonably cooperate in the execution of any documents required in order to consummate the transaction.

13. **Leases; Estoppel Certificates.** Seller represents that there are no Leases pertaining to the Property other than those provided to Purchaser pursuant to Paragraph 10 above, and all Leases are assignable. Seller agrees not to enter into any other leases for the Property during the term of this Agreement, and Seller shall take no action to renew, terminate, amend and otherwise modify the Leases without Purchaser's prior written approval, which shall not be unreasonably withheld. At Closing, Seller shall deliver to Purchaser estoppel certificates from each Tenant (if any) of the Property confirming the premises subject to the Lease, that the Tenant's Lease is in full force and effect, the term of the Lease or whether it is a month-to-month tenancy, any renewal options, the current monthly rent and any other charges, the amount of any security or other deposit, that no installment of rent has been paid more than thirty (30) days in advance, that neither Seller nor Tenant is in default under the Lease, that the Lease has not been assigned and there is no subtenant, indicating any renewal or other options, and that Tenant has no claims or rights of offset against Seller under the Lease. Seller shall also sign and deliver at

Closing notices to all Tenants that the Leases have been assigned to Purchaser (Notices to Tenants).

14. **Maintenance of the Property and Possession.** Until Closing, Seller shall not take any actions or fail to take any actions which would have a material adverse effect upon the Property. The Seller shall deliver and the Purchaser shall accept possession of the Property at the time of Closing free of any and all occupants, tenants, or leases other than the Leases provided to Purchaser.

15. **Closing.** The closing of this transaction and this Agreement (Closing) shall take place within forty five (45) days after the expiration of the Financing Approval Period; or at such time as the parties mutually agree.

16. **Representations and Warranties.** As of the date of the execution of this Agreement and the date of Closing, Seller represents and warrants to Purchaser on due diligence after appropriate inquiry as follows, which representations and warranties shall survive the Closing:

16.1. Seller has full power and authority to execute this Agreement, consummate the transactions and perform its obligations under this Agreement.

16.2. The Property and Seller's obligations under this Agreement do not conflict with, violate or constitute a breach of any agreements, judgments, awards, administrative proceedings, or federal, state or local laws affecting Seller or the Property.

16.3. To the best of Seller's actual knowledge, there are no condemnation proceedings pending or threatened against any part of the Property and there, are no proceedings pending or threatened for the dedication of any part of the Property for any public or quasi-public use.

16.4. To the best of Seller's actual knowledge, there are no public improvements which have been ordered, threatened, announced or contemplated which have not been completed, assessed and paid for.

16.5. To the best of Seller's actual knowledge, there are no actions or proceedings pending or threatened against or involving either Seller or the Property.

16.6. Intentionally deleted.

16.7. There are no leases, tenancies or rights of possession (pursuant to either oral or written agreements) with respect to the Property except the Leases, and Seller has delivered to Purchaser all relevant Documents pertaining to the Property including the Leases.

16.8. Seller has received no notices of violation of any law, rule, regulation or ordinance issued in connection with the Property by any agency or department having jurisdiction thereof, and Seller hereby agrees to provide Purchaser with copies of any such notices received after the date of this Agreement.

16.9. Intentionally deleted.

16.10. Intentionally deleted.

16.11. Seller has not and will not from and after the date of this Agreement enter into any leases other than the Leases or modify the existing Leases or otherwise encumber the Property, enter into any agreements which would be binding upon the Purchaser after its acquisition of the Property or which would affect the Purchaser's title to or right to possession of the Property or perform any act which would change the current status of the Property or in any manner impair or diminish the value of the Property

16.12. Sections 16.12-16.15 intentionally deleted.

16.16 Seller has not and will not from and after the date of this Agreement enter into any service agreements or modify the existing service agreements related to the Property, and Seller will continue to perform its obligations under the existing service agreements.

16.17 That all of the Documents are true, complete and correct copies of the documents in Seller's possession.

If prior to the Closing, Purchaser discovers that any of Seller's representations and warranties is incorrect, then Purchaser, at its option, shall have the right to terminate this Agreement with no liability on its part and, notwithstanding any other provision in this Agreement, the Deposit and, if applicable, any Holding Payments shall be immediately refunded to Purchaser, in addition to all other remedies permitted by law. At the Closing, Seller shall execute an affidavit in form and substance acceptable to Purchaser, which shall make the foregoing representations and warranties effective as of the Closing and provide that such shall survive the Closing. Seller also agrees to indemnify Purchaser for any losses or damages sustained by Purchaser due to a breach of the representations and warranties including, but not limited to, attorneys' fees and expenses.

17. **Notice of Violation.** All notices of violation of any law, statute, ordinance, rule, or regulation of any governmental agency having jurisdiction issued to Seller prior to the Closing against or affecting the Property shall be sent to Purchaser and shall be satisfied or complied with by Seller prior to the Closing, except for notices relating to Purchaser's acts or omissions, with which Purchaser shall comply.

18. **Restrictions on Sale, Transfer and Encumbrances.** Seller shall not sell, transfer, assign or convey any of its rights under this Agreement without the prior written consent of Purchaser. Seller agrees not to encumber the Property while this Agreement remains in force without the prior written consent of Purchaser.

19. **Assignment.** Purchaser shall have the right to assign Purchaser's rights under this Agreement prior to the Closing to any firm, limited liability company, partnership, corporation or other entity, and the assignee shall be fully substituted for Purchaser.

20. **Closing Documents.** At the time and place of Closing, the Seller shall execute and deliver the following documents:

20.1. A Covenant Deed conveying title to the Property in the condition required by this Agreement.

20.2. An Assignment of Leases together with the original Leases.

20.3. Notices to Tenants.

20.4. An Estoppel Affidavit setting forth the warranties and representations of Seller described above.

20.5. Affidavits or other documents required for issuance of an owner's title policy without standard exceptions.

20.6. Any other documents required by any entity providing financing to Purchaser.

21. **Adjustments and Prorations.**

21.1. Taxes and Assessments. Seller shall pay all assessments that are levied against the Property on or before the date of the Closing, whether due in installments or otherwise, at or before the Closing, without proration. All property taxes, assessments and obligations pertaining to the Property, which are a lien upon the Property on the Closing Date or which become due and payable prior to the Closing Date, shall be paid by Seller; provided, that current property taxes shall be prorated and adjusted to the Closing Date without regard to lien date as if paid in advance on a due date basis. Seller shall be responsible for any delinquent tax penalties, fees or charges for late payment accruing prior to or on the Closing Date. All taxes and assessments and obligations pertaining to the Property which become due and payable after Closing shall be paid by Buyer. For purposes of this paragraph, taxes due July 1, shall be treated as if paid for the twelve (12) month period from July 1 through the following June 30, and taxes due December 1 shall be treated as if paid for the twelve-month period from December 1 through the following November 30. Upon Purchaser's or Seller's election, which shall be made within ninety (90) days following the Closing Date (the True-Up) all pro-rations, adjustments, taxes and credits shall be reexamined and Purchaser and Seller shall make payments to each other to the extent that such pro-rations, adjustments and credits paid or credited at the Closing Date were not accurate or were based on estimates, in accordance with the terms hereof. If Seller and Purchaser, working with their accountants, cannot resolve an issue at the True-Up acting reasonably and in good faith, the parties shall submit the issue for resolution to a nationally recognized accounting firm mutually agreeable to both parties.

21.2. Transfer Tax. Seller shall pay state and local transfer tax at Closing.

21.3. Rents. Prepaid rent, nondelinquent base rents, operating expenses recoveries and tax reimbursements under the Leases shall be prorated to the Closing Date

based on a thirty (30) day month. At the Closing, Purchaser shall be entitled to a credit for any security or other deposits under the Leases pursuant to the Assignment of Leases.

21.4. Utilities. The cost of any utilities used by Tenants or Seller prior to Closing shall be the Seller's responsibility; the cost of utilities after the Closing Date shall be Purchaser's responsibility.

22. **Seller's Default.** In the event Seller defaults in the performance of the terms and conditions of the Agreement (Default) following notice and a thirty (30) day period to cure such Default, Purchaser shall receive an immediate refund of the Deposit and, if applicable, any Holding Payments paid to Seller, and terminate this Agreement, in which case the parties shall have no further obligations to each other; may specifically enforce the terms of this Agreement; and/or have all other remedies permitted by law.

23. **Purchaser's Default.** In the event Purchaser defaults in the performance of the terms and conditions of this Agreement, Seller may retain the Deposit, and any Holding Payments paid to Seller, in full termination of this Agreement, and Seller shall have no other remedies. The parties agree that the Deposit and any Holding Payments paid to Seller are appropriate as liquidated damages. Purchaser's obligation under Paragraph 11 to restore the Property to substantially the same condition that existed prior to any disturbance or alteration is a separate and distinct obligation and is not altered or superseded by this paragraph.

24. **Brokerage.** Seller and Purchaser represent to each other that the only broker involved in this sale is Colliers. Any broker commissions due shall be paid by Seller. The parties indemnify and hold each other harmless (including reasonable attorneys' fees), respectively, from any other claims for a brokerage commission to the extent that such claims conflict with the indemnifying party's representation.

25. **Condemnation.** If prior to Closing any authority having the right of eminent domain shall commence legal actions for the temporary or permanent taking or acquiring of any part of the Property, Seller shall immediately give written notice thereof to Purchaser and Purchaser, at Purchaser's option, shall be entitled to either: (i) terminate this Agreement upon written notice to Seller and, notwithstanding any other provision in this Agreement, receive an immediate refund of the Deposit and any Holding Payments paid to Seller or (ii) proceed to close the transaction with a reduction in the Purchase Price equal to any proceeds resulting from a condemnation award or judgment received by Seller prior to Closing and an assignment from Seller of the right to receive all future proceeds.

26. **Affidavit of Non-Foreign Status.** At the Closing, Seller shall furnish to Purchaser an Affidavit certifying that Seller is not a foreign person.

27. **Miscellaneous.**

27.1. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any way, then all the remaining provisions of the Agreement shall remain in full force and effect to the extent permitted by law.

27.2. Written Notice. All requirements for notice contained in this Agreement shall be deemed to require notice in writing sent to the appropriate party and counsel for the parties at the following addresses by hand delivery, facsimile, or electronic mail, followed by US Postal Service mail, with service being effective upon delivery or sending. Offers and acceptances may be delivered by hand delivery, facsimile, or electronic mail, followed by US Postal Service mail.

To Seller: WF 3695 LLC
230 Huronview Boulevard
Ann Arbor, MI 48103

With a copy to
Counsel for Seller: Lumberg Freeman Gleeson Hicks & Koppelman PLLC
Attn: Adam P. Lumberg
121 West Long Lake Road, Suite 250
Bloomfield Hills, MI 48304
alumberg@lfglawfirm.com

With a copy to Seller's
Real Estate Broker: Jim Chaconas
Colliers
1955 Pauline Boulevard
Ann Arbor, MI 48103

To Purchaser: Lockwood Development Company LLC
Attn: Stephen Dronen
27777 Franklin Road, Suite 1410
Southfield, MI 48034

With a copy to
Counsel for Purchaser: Scott Munzel
Of Counsel, Dever Eby Issa PLLC
301 N. Main Street
Ann Arbor, MI 48104

27.3. Binding Effect. This Agreement shall be binding upon the heirs, legal representatives, successors and assigns of the parties.

27.4. Construction. This Agreement shall be construed in accordance with the laws of the State of Michigan.

27.5. Integration. This Agreement constitutes the entire agreement of the parties with respect to the transaction contemplated herein and supersedes all prior understandings or agreements between the parties. There are no promises, conditions, agreements, undertakings, warranties or representations, oral or written, express or implied, with respect to the Property other than as set forth in this Agreement. This Agreement may be modified only by a writing signed by all of the parties or their respective successors in interest.

27.6. Time is of the Essence. Time shall be of the essence in this Agreement.

27.7. Execution in Counterparts. This Agreement may be executed in counterparts and such counterparts taken together shall be construed as one original document.

[Signatures on Following Page]

Dated: May 15, 2024, 2022

SELLER

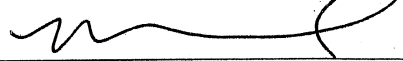
WF 3695 LLC

By: Bradley J. Hayosh

Its: Authorized Signatory

PURCHASER

Lockwood Development Company LLC

By: 

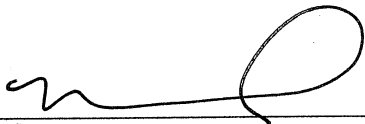
Its: Manager

Dated: May 7, 2024

ACKNOWLEDGMENT OF RECEIPT

Purchaser acknowledges receipt of Seller's acceptance of this Agreement on
May 15, 2024.

BJH



**EXHIBIT A
TO PURCHASE AGREEMENT**

(LEGAL DESCRIPTION)

The following described Property situated in the City of Ann Arbor, County of Washtenaw, State of Michigan:

Signature: *Bradley J. Hayosh*

Email: bhayosh@wickfieldcapital.com



3695 S. State Ann Arbor

c. iii. Engineering & Environmental Reports

There are not engineering or environmental reports available at this time. However, geotechnical soils analysis has been ordered through McDowell & Associates and a Phase I environmental analysis has been ordered through PM Environmental. Those reports are expected shortly and copies will be provided to the Ann Arbor Housing Development Corporation.



3695 S. State Ann Arbor

d. i.

Financial Capacity

Lockwood Development Company, LLC

(A Michigan Limited Liability Company)

Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidated Financial Statements

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Schreiber Advisors, P.C.
6905 Telegraph Road, Suite 300
Bloomfield Hills, MI 48301
(248) 689-7550

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members of
Lockwood Development Company, LLC
Southfield, Michigan

We have reviewed the accompanying consolidated financial statements of Lockwood Development Company, LLC, (a Michigan Limited Liability Company) which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of income (loss), members' equity (deficit) and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Lockwood Development Company, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Schreiber Advisors, P.C.

Schreiber Advisors, P.C.
Bloomfield Hills, Michigan

April 24, 2023

Lockwood Development Company, LLC

Consolidated Balance Sheet

AS OF DECEMBER 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 152,955
Advances Receivable - Related Parties	<u>1,701,453</u>
Total Current Assets	<u>1,854,408</u>

Investments

Investments - Related Party	<u>18,668</u>
-----------------------------	---------------

Other Assets

Advances Receivable - Related Parties, Less Current Portion	<u>241,813</u>
TOTAL ASSETS	<u>\$ 2,114,889</u>

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

Current Liabilities

Accounts Payable	\$ 13,558
Line of Credit	220,000
Advances Payable - Related Parties	<u>14,805</u>
Total Current Liabilities	<u>248,363</u>

Other Liabilities

Loan Payable - Members	1,300,516
Loan Payable - Related Party Under Common Ownership	2,295,466
Advances Payable - Related Parties, Less Current Portion	<u>1,072,384</u>
Total Other Liabilities	<u>4,668,366</u>

TOTAL LIABILITIES	<u>4,916,729</u>
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Members' Equity (Deficit)	<u>(2,801,840)</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	<u>\$ 2,114,889</u>
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See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Income (Loss)

FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Revenue</u>	
Developer Income	\$ 315,284
Total Income	<u>315,284</u>
<u>Direct Expenses</u>	
Cost of Financing Fees	<u>109,277</u>
<u>Gross Loss</u>	<u>206,007</u>
<u>General and Administrative Expenses</u>	
Payroll and Related Taxes and Benefits	644,797
Professional Fees	185,185
Rent	57,809
Office	78,905
Auto and Travel	19,048
Other	<u>7,849</u>
Total General and Administrative Expenses	<u>993,593</u>
<u>Loss From Operations</u>	<u>(787,586)</u>
<u>Other (Expenses)</u>	
Interest Expense, Net	<u>(18,814)</u>
Total Other (Expenses)	<u>(18,814)</u>
NET LOSS	<u>\$ (806,400)</u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Changes in Members' Equity (Deficit)

FOR THE YEAR ENDED DECEMBER 31, 2022

(Deficit) - January 1, 2022	\$ (1,611,666)
Contributions from Members	2,346,326
Distributions to Members	(2,730,100)
Net Loss	<u>(806,400)</u>
(Deficit) - December 31, 2022	<u><u>\$ (2,801,840)</u></u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2022

Reconciliation of Net Loss to Net Cash Provided by Operating Activities:

Net Loss \$ (806,400)

Adjustments to Reconcile Net Loss to Net Cash Used for Operating Activities:

Changes in:

Advances Payable - Related Parties	916,250
Accounts Payable	(11,746)
Advances Receivable - Related Parties	<u>(332,745)</u>

Net Cash Used for Operating Activities: (234,641)

Cash Flows from Investing Activities:

Contributions from Members	2,346,326
Distributions to Members	(2,730,100)
Investments - Related Parties	(13,814)
Changes in Loan Payable - Related Parties Under Common Ownership	<u>687,711</u>

Net Cash Provided by Investing Activities: 290,123

Cash Flows Used for Financing Activities:

Net Payback on Line of Credit	<u>(530,000)</u>
-------------------------------	------------------

Net Cash Used for Financing Activities: (530,000)

Net Decrease in Cash and Cash Equivalents (474,518)

Cash and Cash Equivalents - Beginning of Period 627,473

Cash and Cash Equivalents - End of Period \$ 152,955

Cash Paid for Interest during the Period \$ 16,796

Cash Paid for Income Taxes during the Period \$ -

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Notes to Consolidated Financial Statements

Note 1 – Nature of Business

Lockwood Development Company, LLC is a Michigan limited liability company. The Company provides financing and management services to related entities under common ownership through non-interest bearing advances for various loans. Upon closing of one of these developments, the Company would be reimbursed for the amounts it has financed as well as earn a financing fee. Lockwood Companies LLC owns 99% of the Company with the remaining 1% owned by Rodney Lockwood. As a limited liability company, each of its members' liability is limited to the amount of its investment in the Company.

Note 2 – Significant Accounting Policies

Method of Accounting

The accrual method of accounting is used for consolidated financial statement purposes.

Basis of Consolidation

The consolidated financial statements include the accounts of TLG 23, LLC, TLG 24, LLC, TLG 25, LLC, TLG 26, LLC and TLG, 27 LLC, which are all Michigan limited liability companies and wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. These investments are classified as a current asset under the category short-term investments on the balance sheet.

Restricted Cash

All cash and cash equivalents are unrestricted within the balance sheet as of December 31, 2022.

Credit Risk

During the year ended December 31, 2022, the Company had cash deposits in excess of Federal Depository Insurance Corporation ("FDIC") limits; however, the Company has not experienced any losses on such accounts and believes it is not exposed to any significant risk.

Allowance for Credit Losses

Management regularly evaluates the developments for which it has provided development services to ensure that these loans are collectible. The direct write-off method is used for loans that are deemed uncollectible. Management deemed allowance for doubtful accounts to be \$-0- at December 31, 2022. During 2022, the Company wrote off \$109,277 in uncollectible loans.

Member Allocation

Income or loss and distributable net cash flows of the Company is allocated 99% to the Managing Member and 1% to the Member.

Note 2 – Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Considerable judgment is required to develop estimates of fair values; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimated methodologies may be material to the estimated fair value amounts. The Company estimates that the fair value of its financial instruments approximates their carrying value.

Income Taxes

No provision or benefit for income taxes has been included in these consolidated financial statements since taxable income or loss passes through to and is reportable by, the members individually. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2022, the Company's federal tax returns remain open for the last four years.

Revenue Recognition

Revenue is recognized on the financing fees upon closing of a development of related party properties, all under common control, or set points thereafter based on previously agreed goal attainment. Additionally, payment can be deferred only to be collected from excess cash flows from an operating property. These excess cash flows are not deemed earned until excess cash has occurred. The Company had \$-0- deferred revenue at December 31, 2022.

Reclassification

Certain amounts have been reclassified from the prior year consolidated financial statements. These reclassification amounts had no impact on the current year change in net assets.

Lockwood Development Company, LLC

Notes to Consolidated Financial Statements

Note 3 – Revolving Line of Credit

The Company has a working capital line-of-credit with a commercial bank. The agreement allows for advances up to \$750,000, bearing interest at 7.50% at December 31, 2022. The line of credit is collateralized by the personal assets of the Company's managing member. The Company paid \$16,796 in interest related to the revolving line of credit in 2022.

The amount of outstanding advances on the line of credit was \$220,000 at December 31, 2022.

Note 4 – Related Party Transactions

Advances Receivable – Related Parties

The Company has non-interest-bearing advance receivables with entities with common ownership and management. These advance receivables do not provide for specific repayment terms. All advance receivables are deemed non-current unless information is known that loans will be collected within one-year of the balance sheet date.

Advances Payable – Related Parties

The Company has non-interest-bearing advance payables to entities with common ownership and management. These advance payables do not provide for specific repayment terms. All advance payables are deemed non-current unless information is known that loans will be paid within one-year of the balance sheet date.

Loans Payable

The Company has non-interest-bearing loans payable to entities with common ownership and management. These loans do not provide for specific repayment terms. All loans are deemed non-current unless information is known that loans will be paid within one-year of the balance sheet date.

Investment

The Company applies the cost method to the 13% investment in a related party entity under common control.

Note 5 – Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2022, the most recent balance sheet presented herein, through April 24, 2023, the issuance date of these consolidated financial statements. No such significant events or transactions were identified.

Lockwood Development Company, LLC

(A Michigan Limited Liability Company)

Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

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Schreiber Advisors, P.C.
6905 Telegraph Road, Suite 300
Bloomfield Hills, MI 48301
(248) 689-7550

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members of
Lockwood Development Company, LLC
Southfield, Michigan

We have reviewed the accompanying consolidated financial statements of Lockwood Development Company, LLC, (a Michigan Limited Liability Company) which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of income, members' deficit and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Lockwood Development Company, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Schreiber Advisors, P.C.

Schreiber Advisors, P.C.
Bloomfield Hills, Michigan

April 10, 2024

Lockwood Development Company, LLC

Consolidated Balance Sheet

AS OF DECEMBER 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$	863,976
Advances Receivable - Related Parties		<u>63,454</u>
Total Current Assets		<u>927,430</u>

Investments

Investments - Related Party		<u>18,668</u>
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Other Assets

Advances Receivable - Related Parties, Less Current Portion		<u>631,263</u>
TOTAL ASSETS	\$	<u><u>1,577,361</u></u>

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities

Accounts Payable	\$	14,063
Line of Credit		700,000
Advances Payable - Related Parties		<u>14,805</u>
Total Current Liabilities		<u>728,868</u>

Long-Term Liabilities

Loan Payable - Members		367,083
Loan Payable - Related Party Under Common Ownership		2,256,682
Advances Payable - Related Parties, Less Current Portion		<u>69,792</u>
Total Long-Term Liabilities		<u>2,693,557</u>

TOTAL LIABILITIES		<u>3,422,425</u>
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Members' Deficit

		<u>(1,845,064)</u>
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$	<u><u>1,577,361</u></u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Revenue</u>	
Developer Income	\$ 1,123,566
<u>Direct Expenses</u>	
Cost of Financing Fees	<u>150,781</u>
<u>Gross Loss</u>	<u>972,785</u>
<u>General and Administrative Expenses</u>	
Payroll and Related Taxes and Benefits	608,031
Professional Fees	87,274
Rent	34,454
Office	56,747
Advertising	55,000
Auto and Travel	21,907
Other	<u>1,482</u>
Total General and Administrative Expenses	<u>864,895</u>
<u>Income From Operations</u>	<u>107,890</u>
<u>Other Income</u>	
Interest Income	<u>31,218</u>
Total Other Income	<u>31,218</u>
NET INCOME	<u><u>\$ 139,108</u></u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Changes in Members' Deficit

FOR THE YEAR ENDED DECEMBER 31, 2023

Deficit - January 1, 2023	\$ (2,801,840)
Contributions from Members	3,547,768
Distributions to Members	(2,730,100)
Net Income	<u>139,108</u>
Deficit - December 31, 2023	<u><u>\$ (1,845,064)</u></u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2023

Reconciliation of Net Income to Net Cash Provided by Operating Activities:

Net Income	\$ 139,108
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:	
Changes in:	
Advances Payable - Related Parties	(1,002,592)
Accounts Payable	505
Advances Receivable - Related Parties	<u>1,248,549</u>
Net Cash Provided by Operating Activities:	<u>385,570</u>
Cash Flows Used for Investing Activities:	
Contributions from Members	3,547,768
Distributions to Members	(2,730,100)
Changes in Loan Payable - Related Parties Under Common Ownership	<u>(972,217)</u>
Net Cash Used for Investing Activities:	<u>(154,549)</u>
Cash Flows from Financing Activities:	
Net Draws on Line of Credit	<u>480,000</u>
Net Cash Provided by Financing Activities:	<u>480,000</u>
Net Increase in Cash and Cash Equivalents	711,021
Cash and Cash Equivalents - Beginning of Period	<u>152,955</u>
Cash and Cash Equivalents - End of Period	<u><u>\$ 863,976</u></u>
Cash Paid for Interest during the Period	<u>\$ -</u>
Cash Paid for Income Taxes during the Period	<u>\$ -</u>

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements

Lockwood Development Company, LLC

Notes to Consolidated Financial Statements

Note 1 – Nature of Business

Lockwood Development Company, LLC is a Michigan limited liability company. The Company provides financing and management services to related entities under common ownership through non-interest bearing advances for various loans. Upon closing of one of these developments, the Company would be reimbursed for the amounts it has financed as well as earn a financing fee. Lockwood Companies LLC owns 99% of the Company with the remaining 1% owned by Rodney Lockwood. As a limited liability company, each of its members' liability is limited to the amount of its investment in the Company.

Note 2 – Significant Accounting Policies

Method of Accounting

The accrual method of accounting is used for consolidated financial statement purposes.

Basis of Consolidation

The consolidated financial statements include the accounts of TLG 23, LLC, TLG 24, LLC, TLG 25, LLC, TLG 26, LLC and TLG, 27 LLC, which are all Michigan limited liability companies and wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. These investments are classified as a current asset under the category short-term investments on the balance sheet.

Restricted Cash

All cash and cash equivalents are unrestricted within the balance sheet as of December 31, 2023.

Credit Risk

During the year ended December 31, 2023, the Company had cash deposits in excess of Federal Depository Insurance Corporation ("FDIC") limits; however, the Company has not experienced any losses on such accounts and believes it is not exposed to any significant risk.

Allowance for Credit Losses

Management regularly evaluates the developments for which it has provided development services to ensure that these loans are collectible. The direct write-off method is used for loans that are deemed uncollectible. Management deemed allowance for doubtful accounts to be \$-0- at December 31, 2023. During 2023, the Company wrote off \$150,781 in uncollectible loans.

Member Allocation

Income or loss and distributable net cash flows of the Company is allocated 99% to the Managing Member and 1% to the Member.

Note 2 – Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Considerable judgment is required to develop estimates of fair values; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimated methodologies may be material to the estimated fair value amounts. The Company estimates that the fair value of its financial instruments approximates their carrying value.

Income Taxes

No provision or benefit for income taxes has been included in these consolidated financial statements since taxable income or loss passes through to and is reportable by, the members individually. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2023, the Company's federal tax returns remain open for the last four years.

Revenue Recognition

Revenue is recognized on the financing fees upon closing of a development of related party properties, all under common control, or set points thereafter based on previously agreed goal attainment. Additionally, payment can be deferred only to be collected from excess cash flows from an operating property. These excess cash flows are not deemed earned until excess cash has occurred. The Company had \$-0- deferred revenue at December 31, 2023.

Reclassification

Certain amounts have been reclassified from the prior year consolidated financial statements. These reclassification amounts had no impact on the current year change in net assets.

Note 3 – Revolving Line of Credit

The Company has a working capital line-of-credit with a commercial bank. The agreement allows for advances up to \$1,000,000, bearing interest at 9.50% at December 31, 2023. The line of credit is collateralized by the personal assets of the Company's managing member. The Company did not pay any interest related to the revolving line of credit in 2023.

The amount of outstanding advances on the line of credit was \$700,000 at December 31, 2023.

Note 4 – Related Party Transactions

Advances Receivable – Related Parties

The Company has non-interest-bearing advance receivables with entities with common ownership and management. These advance receivables do not provide for specific repayment terms. All advance receivables are deemed non-current unless information is known that loans will be collected within one-year of the balance sheet date.

Advances Payable – Related Parties

The Company has non-interest-bearing advance payables to entities with common ownership and management. These advance payables do not provide for specific repayment terms. All advance payables are deemed non-current unless information is known that loans will be paid within one-year of the balance sheet date.

Loans Payable

The Company has non-interest-bearing loans payable to entities with common ownership and management. These loans do not provide for specific repayment terms. All loans are deemed non-current unless information is known that loans will be paid within one-year of the balance sheet date.

Investment

The Company applies the cost method to the 13% investment in a related party entity under common control.

Note 5 – Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2023, the most recent balance sheet presented herein, through April 10, 2024, the issuance date of these consolidated financial statements. No such significant events or transactions were identified.

Balance Sheet

Lockwood Development, LLC

As Of June 30, 2024 - Includes Unapproved Transactions

	Ending Balance	Total
Assets		
Cash		
CASH - SUPERIOR NATIONAL	583	
CASH - FLAGSTAR	15,852	
FLAGSTAR SWEEP	45,174	
SUPERIOR NATIONAL - CD	155,447	
Total Cash		217,056
Other Current Assets		
I/C LAKESHORE II	(2,795)	
I/C LOCKWOOD COMPANIES	(69,792)	
I/C LOCKWOOD MANAGEMENT	(30,659)	
I/C RL & CO	45,926	
I/C GP 4555	20,450	
I/C LOCKWOOD CONSTRUCTION	81,185	
I/C FENTON SILVERLAKE	(2,675)	
I/C BUENA VISTA II	2,656	
I/C LFILP	299,152	
I/C GP 3367	(9,289)	
I/C WOODHAVEN VAN HORN INV	(46)	
I/C PITTSFIELD	5,500	
I/C SOUTH LYON	15,000	
I/C ROYAL OAK	10,350	
I/C LOCKWOOD DEV SE	212,025	
I/C HOWELL	8,086	
I/C LOCKWOOD DEV MW	219,856	
Total Current Assets		804,930
Other Assets		
INVESTMENT - LOCKWOOD HOLDINGS	18,668	
Total Other Assets		18,668
Total Assets		1,040,654
Liabilities		
LOAN PAYABLE - OWNER	367,083	
LOAN PAYABLE - LWM	2,829,189	
Total Liabilities		3,196,272
Owner's Equity		
RETAINED EARNINGS	(1,530,027)	
CAPITAL CONTRIBUTION - GP	2,792,961	
CAPITAL DISTRIBUTION - GP	(3,107,997)	
Total Owner's Equity		(1,845,063)
Current Net Income/(Loss)		(310,555)
Total Liabilities & Owner's Equity		1,040,654

Comparative Profit and Loss

Lockwood Development, LLC

Through June 30, 2024 - Includes Unapproved Transactions

MTD Actual	Budget	Last Year	Description	YTD Actual	Budget	Last Year
Income						
57,992	0	0	DEVELOPER FEE INCOME	111,248	677,755	709,376
135	0	189	INTEREST INCOME	175	0	26,447
58,127	0	189	Total Income	111,423	677,755	735,823
Cost of Development						
0	0	0	COST OF DEVELOPMENT	(7,387)	0	10,100
0	0	0	INTEREST EXPENSE	739	0	0
0	0	0	Total Cost of Development	(6,648)	0	10,100
58,127	0	189	Gross Income	118,071	677,755	725,723
Operating Expenses						
34,686	53,239	41,753	WAGES - OFFICE	223,333	346,053	247,140
0	0	0	BONUS	16,492	10,000	13,338
2,277	5,324	3,046	PAYROLL TAXES	17,253	35,606	20,233
2,138	0	1,987	HEALTH INS/BENEFITS	13,572	0	13,731
31	244	37	WORKERS COMP	211	1,609	232
3,268	2,960	2,870	RENT EXPENSE	19,341	17,760	17,263
652	1,065	606	401K EMPLOYER CONT	4,476	6,922	2,848
0	0	622	CONSULTING FEES	12,425	0	61,753
588	571	554	OPERATING SOFTWARE	3,493	3,426	3,267
0	0	0	DUES AND SUBSCRIPTIONS	7,082	170	169
585	1,000	594	OFFICE EXPENSE	198	6,000	4,594
125	120	125	POSTAGE/SHIPPING	1,350	720	1,063
0	0	0	LICENSES/PERMITS	5,076	150	150
896	950	655	TECH SUPPORT	5,374	5,700	5,944
925	0	0	EDUCATION/TRAINING	925	0	0
0	0	0	EMPLOYEE RECRUITING	0	0	1,590
69	100	49	TELEPHONE	477	600	594
218	130	102	INTERNET	850	780	1,148
46	14	21	BANK FEES	142	84	97
0	0	0	ADVERT/HELP WANTED	67,500	55,000	0
45	550	238	MEALS & ENTERTAINMENT	1,740	3,300	2,991
118	1,750	91	AUTO & TRAVEL	9,165	10,500	4,435
1,847	9,270	0	ACCOUNTING SERVICES	11,117	9,270	9,000
0	0	0	CONTRIBUTIONS	6,600	0	0
47	0	37	OFFICE UTILITIES	436	0	239
48,563	77,287	53,388	Total Operating Expenses	428,626	513,650	411,818
9,564	(77,287)	(53,199)	Net Operating Income	(310,555)	164,105	313,905

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)

Valuation Statement

December 31, 2022

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)
December 31, 2022

Valuation Statement

Assets	December 31, 2022
Cash	\$ 732,604
Total current assets	<u>732,604</u>
Other Assets	
Investment in subsidiaries	<u>4,969,888</u>
Total other assets	<u>4,969,888</u>
Total assets	<u><u>\$ 5,702,492</u></u>
Liabilities and Members' Equity	
Current Liabilities	
Loan payable - related party	<u>1,890</u>
Total Current Liabilities	<u>1,890</u>
Members' equity	<u>5,700,602</u>
Total liabilities and members' equity	<u><u>\$ 5,702,492</u></u>

Notes to Lockwood Holdings, LLC's Valuation Statement

Note 1 – Summary of Significant Accounting Policies

Cash

The Company considers all highly liquid debt instruments with a maturity of three months or less to be considered cash equivalents.

Investment in subsidiaries

Lockwood Holdings, LLC also holds the rights to the cash flows of two related entities. The values of which are based upon the present values of expected future cash flows from those. The entities and their values are as follows:

Fenton Silverlake, LLC (Lockwood of Fenton, LDHA LP)	\$3,686,109
Davison Main, LLC (Lockwood of Davison, LDHA LP)	<u>\$1,283,779</u>
Total	<u>\$4,969,888</u>

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)

Valuation Statement

December 31, 2023

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)
December 31, 2023

Valuation Statement

Assets	December 31, 2023
Cash	\$ 830,429
Total current assets	<u>830,429</u>
Other Assets	
Investment in subsidiaries	<u>5,393,211</u>
Total other assets	<u>5,393,211</u>
Total assets	<u><u>\$ 6,223,640</u></u>
Liabilities and Members' Equity	
Current Liabilities	
Loan payable - related party	<u>3,737</u>
Total Current Liabilities	<u>3,737</u>
Members' equity	<u>6,219,903</u>
Total liabilities and members' equity	<u><u>\$ 6,223,640</u></u>

Notes to Lockwood Holdings, LLC's Valuation Statement

Note 1 – Summary of Significant Accounting Policies

Cash

The Company considers all highly liquid debt instruments with a maturity of three months or less to be considered cash equivalents.

Investment in subsidiaries

Lockwood Holdings, LLC also holds the rights to the cash flows of two related entities. The values of which are based upon the present values of expected future cash flows from those. The entities and their values are as follows:

Fenton Silverlake, LLC (Lockwood of Fenton, LDHA LP)	\$3,856,997
Davison Main, LLC (Lockwood of Davison, LDHA LP)	<u>\$1,536,214</u>
Total	<u>\$5,393,211</u>

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)

Valuation Statement

July 31, 2024

Lockwood Holdings, LLC
(A Michigan Limited Liability Company)
July 31, 2024

Valuation Statement

Assets

July 31, 2024

Cash	\$ 1,263,513
Total current assets	<u>1,263,513</u>
Other Assets	
Investment in subsidiaries	<u>5,393,211</u>
Total other assets	<u>5,393,211</u>
Total assets	<u><u>\$ 6,656,724</u></u>

Liabilities and Members' Equity

Current Liabilities	
Loan payable - related party	<u>3,762</u>
Total Current Liabilities	<u>3,762</u>
Members' equity	<u>6,652,962</u>
Total liabilities and members' equity	<u><u>\$ 6,656,724</u></u>

Notes to Lockwood Holdings, LLC's Valuation Statement

Note 1 – Summary of Significant Accounting Policies

Cash

The Company considers all highly liquid debt instruments with a maturity of three months or less to be considered cash equivalents.

Investment in subsidiaries

Lockwood Holdings, LLC also holds the rights to the cash flows of two related entities. The values of which are based upon the present values of expected future cash flows from those. The entities and their values are as follows:

Fenton Silverlake, LLC (Lockwood of Fenton, LDHA LP)	\$3,856,997
Davison Main, LLC (Lockwood of Davison, LDHA LP)	<u>\$1,536,214</u>
Total	<u>\$5,393,211</u>



LETTER OF INTEREST

August 29, 2024

Stephen Dronen
Lockwood Companies
27777 Franklin Rd #1410
Southfield, MI 48034

**RE: State Street Apartments
Ann Arbor, MI**

Dear Stephen:

Berkadia Affordable Tax Credit Solutions (“Berkadia”) is pleased to provide you with this Letter of Interest for State Street Apartments, a low-income housing development located in Ann Arbor, MI (the “Project”). We are providing this letter in connection with an application for tax credits, to evidence our interest in making an equity investment in the Project as the tax credit investor.

We understand that you are submitting an application for an allocation of 4% low-income housing tax credits, which will be based on the information and terms set forth on Exhibit A, attached hereto.

The provisions of this Letter of Interest are non-binding and not intended to create or constitute any liability of legally binding obligation between the parties and is given for the sole purpose of inclusion with your tax credit application. Once you receive your allocation, we will endeavor to obtain placement of this deal into one of our funds subject to completion of our standard due diligence process, approval by the Berkadia Investment Committee and certain other conditions and requirements to be determined at a later date.

Thank you for giving us the opportunity to review your LIHTC community. Please let us know if we can provide you with any additional information you may need to make your application successful.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Blanchard", written over a horizontal line.

Brian Blanchard
Senior Director – Acquisitions

EXHIBIT A:

The preliminary terms and conditions set forth herein are based on information and assumptions provided by you for review by Berkadia:

I. DEAL INFORMATION:

- a. Type of Construction: New
- b. Number of Units: 66 units
- c. Number of Buildings: 1
- d. Tenancy Type: Family
- e. Annual Allocation for Tax Credits: \$1,037,875 per annum
- f. Total Tax Credit Allocation: \$10,378,750
- g. Price Per Credit: \$0.87 per \$1.00 of federal tax credit
- h. Total Equity: \$9,028,611

II. TIMING AND TAX CREDIT INFORMATION

- a. Estimated Closing Date: 4/1/2025
- b. Construction Completion Date: 1/31/2027
- c. 100% Qualified Occupancy Date: 5/31/2027
- d. Stabilized Operations Date: 8/31/2027
- e. Applicable Percentage: 100%
- f. Applicable Tax Credit Rate: 4.0%

III. CAPITAL CONTRIBUTIONS

- a. \$0.87 per dollar of the Limited Partner Total Credits.
- b. Installment Payments:
 - i. \$1,354,292 (15%) at Closing.
 - ii. \$2,780,583 (30%) at later of 2/1/2027, Construction Completion, or receipt of the Final Cost Cert.
 - iii. \$4,442,306 (50%) at later of 9/1/2027, 95% Physical Occupancy, Funding of Permanent Loans, 100% Qualified Occupancy, or 100% Credit Qualification, achievement of a Debt Service Coverage Ratio of 1.15x for three (3) consecutive months.
 - iv. \$451,430 (5%) at later of 12/1/2027 or receipt of Form 8609 ("Final Capital Contribution").

IV. RESERVES/GUARANTEES

- a. Replacement Reserve: \$300 per unit per year, which amount is subject to final underwriting and lender/funder requirements.
- b. Operating Reserve: \$311,248 to be funded into the operating reserve account (the "Operating Reserve Account"), which amount is subject to final underwriting.
- c. Completion Guaranty: Unlimited through Stabilization
- d. Operating Deficit Guaranty: Capped at 6 months of OEDSR for 5 years following Stabilization.
- e. Tax Credit Guaranty: Unlimited through the compliance period.
- f. Other: If applicable - Repurchase, Environmental, Section 8, as further described in the Partnership Agreement.

V. DEVELOPER FEE

- a. Estimated Development Fee: \$2,100,000
- b. Cash Developer Fee: \$1,188,414
- c. Deferred Developer Fee: \$911,586



3695 S. State Ann Arbor

d. iii & iv. Financial Information

Included with this section is a complete copy of our financial proforma.

Sources and uses are shown on the “Sources & Uses” tab; 15-year operating proforma is shown on the “Cash Flow” tab.



3695 S. State Ann Arbor

d. v.

Resident Services

This is not applicable.
3695 S. State Ann Arbor is not
Providing resident services.