

Upon recording return to:

Farmington City Attorney
160 S. Main St.
Farmington, UT 84025

08-060-0067 pt

DEED RESTRICTION
Multi-Family Housing Development
Canopy Square Development

This DEED RESTRICTION (this "Deed Restriction") is granted as of November 1, 2022 by WASATCH FARMINGTON HOLDINGS, LLC, a Utah limited liability company having a mailing address of 620 South State Street, Salt Lake City, Utah 84111 ("Grantor"), for the benefit of FARMINGTON CITY, UTAH having a mailing address of 160 S. Main Street, Farmington, Utah 84025 (the "City"), as such Deed Restriction may be amended from time to time.

WITNESSETH:

A. Grantor holds title to approximately 20 acres of land located at 1501 West 675 North, Farmington, Utah, and further identified as Parcel Number 08-060-0003 in the Records of the Davis County Recorder's Office (the "Property"), and intends to construct a 461-unit rental housing development, consisting of multi-family attached residential and attached townhome residential buildings, at the Property. The Property is described in Exhibit A, attached hereto and incorporated by reference.

B. The Property is part of a project known as Canopy Square (the "Development"). The Property was developed pursuant to an Agreement under Section 10-9a-535(1) of the Utah Code, which permits the development of a certain number of moderate-income housing units as a condition of approval.

C. As a condition to the approval, Grantor has agreed that this Deed Restriction be imposed upon the Property as a covenant running with the land and binding upon any successors to Grantor, as owner thereof.

D. The City is authorized to monitor compliance with and to enforce the terms of this Deed Restriction.

E. The rights and restrictions granted herein to the City serve the public's interest in the creation and retention of affordable housing for persons and households of low and moderate income.

F. On 11/1, 2022 Grantor entered into a Development Agreement with the City regarding the construction of the Development, which includes attached multi-family rental units.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending that owners and renters of the units be bound by its terms, Grantor hereby agrees that the Property shall be subject to the following rights and restrictions:

1. **Recitals Incorporated by Reference.** The foregoing recitals are incorporated by reference herein and made a part hereof.
2. **Definitions.** The following terms are defined for purposes of this Deed Restriction:
 - (a) "Affordable" means housing for which the combined rent and tenant-paid utility costs are equal to or less than thirty percent (30%) of the income for those earning eighty percent (80%) or less than the Area Median Income.
 - (b) "Affordable Units" means a percentage of rental units which shall be leased to those meeting the income qualifications provided in Section 5 of this Deed Restriction and are Affordable to those income-qualified tenants.
 - (c) "Area Median Income" or "AMI" means a number calculated annually by the United States Department of Housing and Urban Development (HUD), which is the "middle" number of all of the incomes in the Ogden-Clearfield UT HUD Metro FMR Area, with 50% of individuals in that Area making more than that amount, and 50% making less than that amount. The AMI shall be rounded to the nearest tenth (for example, if the calculated AMI is 64% it shall be rounded down to 60%; if the calculated AMI is 65%, it shall be rounded up to 70%).
 - (d) "City" shall mean Farmington City, a political subdivision of the State of Utah.
 - (e) "Household" means all related and unrelated individuals occupying a Unit as a Tenant.
 - (f) "HUD" means the United States Department of Housing and Urban Development.
 - (g) "Notice" means correspondence complying with the provisions of Section 9(b) of this Deed Restriction.
 - (h) "Reasonable Effort" means good faith efforts to advertise a Unit for rent through appropriate local means complying with the provisions of Section 6 of this Deed Restriction.
 - (i) "Tenant" means an occupant of a Unit other than an owner or operator.
3. **Affordable Units**

- (a) Grantor agrees to set aside a variety of units types proportionate to the amount of each type of unit within the project, as Affordable Units:

Number of Bedrooms	Percent Affordable Units
Studio	10%
1-Bedroom	10%
2-Bedroom	10%
3-Bedroom	10%

- (b) Grantor is not required to identify specific physical units as "affordable units" on any designs or plans. Rather, Grantor is only obligated to rent the specified percentage of units as Affordable Units at any given time, for the duration of this Deed Restriction.

4. Affordability and Occupancy Requirement.

(a) This Deed Restriction shall remain in effect from the date this Deed Restriction is recorded in the Davis County Recorder's Office and continuing for a period of thirty (30) years thereafter (the "Affordability Period") unless earlier terminated in accordance with Section (9)(h) hereof.

(b) During the Affordability Period, the rents charged by Grantor for each Affordable Unit shall remain Affordable and shall be rented to an individual or household whose gross annual household income at the time tenancy was established did not exceed eighty percent (80%) of AMI, adjusted for Household size, as established from time to time by HUD.

(c) Adjustments for Household size are as follows, and consistent with the AMI for Davis County, Utah.

1. Studio units: Use the income limit for a one-person household.
2. One-bedroom unit: use the income limit for a two-person household
3. Two-bedroom unit: use the income limit for a three-person household
4. Three-bedroom unit: use the income limit for a four-person household

- (d) The permitted rental amount includes the following:
1. Use and occupancy of the Unit and the associated land and facilities;
 2. Any separately charged fees and service charges assessed by Grantor, which are required by all Tenants but is not to include security deposits or application fees;
 3. Utilities to include garbage collection, sewer, water, electricity, gas and other heating, and cooking; but not to include telephone service, cable television, high-speed internet access pet deposits, pet fees, parking fees, and other fees not specifically described in this section. If a unit Tenant pays all or some of the utilities, then a "utility allowance" shall be

determined as the average amount paid per month for those utilities, and the rent shall be reduced by the amount of the "utility allowance."

4. Possessory interest taxes or other fees and charges assessed for use of the associated land and facilities by a public or private entity other than Grantor.

(e) Except as provided in Section 4(a), the Property shall remain Affordable during the Affordability Period.

(f) This Deed Restriction's compliance with the affordability requirements shall be monitored and enforced by the City.

5. Income Qualifications.

(a) The Affordable Units shall at all times be occupied by Households, adjusted for Household size, earning an average of 80% AMI.

(b) Income qualification shall adhere to the following process:

1. Determine the number of adults and children (all Household members) to occupy the available unit.
2. Collect either 1040 Federal Tax Returns for the most recent year or current pay stub and/or projected income for all Household members generating income.
3. Add together the adjusted gross income for all Household members to determine the total Household income.
4. Determine whether total Household income is less than the income of a Household of the same size earning 80% AMI.

6. Advertisement.

(a) At the time of initial occupancy, Grantor shall use Reasonable Efforts to advertise for qualified Tenants for a period of not less than thirty (30) days and shall thereafter fill the Affordable Units with income qualified applicants. Upon the occurrence of a vacancy in an Affordable Unit, Grantor shall review its wait list of qualified applicants (and may advertise for qualified Tenants if necessary to obtain a qualified Tenant).

(b) If no income qualified applicants have applied for the unit within the advertisement period, then Grantor may rent the unit to a non-income qualified Tenant for a period of one-year. If Grantor exercises this option, then upon the next vacancy in the category (studio, 1-bedroom, etc), Grantor shall engage in the advertisement period for that unit to seek an income-qualified applicant.

(c) The rental of an Affordable Unit to a Tenant who is not income qualified does not limit the applicability of this Deed Restriction in any way with respect to such Tenant's use, occupancy and subsequent lease of the Affordable Unit.

7. Enforcement.

(a) The rights hereby granted shall include the right of the City to enforce this Deed Restriction independently by appropriate legal proceedings and to obtain injunctive and other appropriate relief against any violations including without limitation relief requiring restoration of the Property to its condition prior to any such violation (it being agreed that there shall be no adequate remedy at law for such violation), and shall be in addition to, and not in limitation of, any other rights and remedies available to the City. Notwithstanding the foregoing, the City may not enforce this Deed Restriction by: (i) voiding a conveyance by Grantor; (ii) terminating Grantor's interest in the Property; or (iii) subjecting Grantor to contractual liability from Tenants, such as damages, specific performance or injunctive relief.

(b) Grantor shall keep accurate and complete records of all Tenants. Grantor shall provide to the City a semi-annual rent roll showing each Affordable Unit occupied, the name of the Tenant or Tenants, rent charged, Household gross income, and the term of the lease. The City shall have the right to audit Grantor's files annually upon ten (10) days' advance written Notice.

(c) Grantor for itself and Grantor's successors and assigns, hereby grants to the City the right to enter upon the Property for the purpose of enforcing the restrictions herein contained, or of taking all actions with respect to the Property, which the City may determine to be necessary or appropriate pursuant to court order, or with the consent of Grantor to prevent, remedy or abate any violation of this Deed Restriction.

(d) The City may delegate the responsibility of monitoring Grantor for compliance with this Deed Restriction to any not-for-profit or government organization. In no case shall this delegation result in additional fees or financial responsibilities of Grantor. Grantor agrees to cooperate with any delegate of the City to the same extent as required under this Deed Restriction.

8. Covenants to Run with the Property.

(a) At the expiration of the Affordability Period, either the City or the then owner of the applicable property may record a notice of termination of this Deed Restriction without the other party's consent and acknowledgment.

(b) A copy of this Deed Restriction, as recorded, shall be provided to the City.

(b) This Deed Restriction shall be deemed to be a requirement for the development of a certain number of moderate-income housing units as a condition of approval of a land use application, pursuant to a written agreement, as provided in Utah Code Ann. § 10-9a-535(1).

(c) Grantor acknowledges, declares and covenants on behalf of Grantor and Grantor's successors and assigns (i) that this Deed Restriction shall be and are covenants running with the land, encumbering the Property for the Affordability Period, and are binding upon Grantor's successors in title and assigns, (ii) are not merely personal covenants of Grantor, and (iii) shall bind Grantor, and Grantor's successors and assigns, and inure to the benefit of and be enforceable by the City and its successors and assigns, for the Affordability Period.

9. Miscellaneous Provisions.

(a) Amendments. This Deed Restriction may not be rescinded, modified or amended, in whole or in part, without the written consent of the then owner of the Property, or applicable portion thereof, and the City.

(b) Notice. Any notices, demands or requests that may be given under this Deed Restriction shall be sufficiently served if given in writing and delivered by hand or mailed by certified or registered mail, return receipt requested, or via reputable overnight courier, in each case postage prepaid and addressed to the parties at their respective addresses set forth below, or such other addresses as may be specified by any party (or its successor) by such notice. All such notices, demands or requests shall be deemed to have been given on the day it is hand delivered or mailed:

Grantor:

Wasatch Farmington Holdings, LLC
620 South State Street
Salt Lake City, Utah 84111

City:

Attn: CED Director
Farmington City
160 S. Main Street
Farmington, UT 84025

(c) Severability. If any provisions hereof or the application thereof to any person or circumstance shall come, to any extent, to be invalid or unenforceable, the remainder hereof, or the application of such provision to the persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and enforced to the fullest extent permitted by law.

(d) Waiver by City: No waiver by the City of any breach of this Deed Restriction shall be deemed to be a waiver of any other or subsequent breach.

(e) Third Party Beneficiary. The City shall be entitled to enforce this Deed Restriction and may rely upon the benefits hereof.

(f) Gender, Captions. The use of the plural in this Deed Restriction shall include the singular, the singular, the plural and the use of any gender shall be deemed to include all genders. The captions used in this Deed Restriction are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Deed Restriction.

(g) Binding Successors. This Deed Restriction shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors, and assigns; provided, that Grantor may not assign this Deed Restriction or any of its obligations hereunder without the prior written approval of the City pursuant to the terms of this Deed Restriction.

(h) Termination. This Deed Restriction may be terminated prior to the expiration of the Affordability Period by the written, mutual consent of both the then owner of the Property, or portion thereof, and the City of Farmington, which authorization must be rendered by the City Council. If this Deed Restriction is terminated as provided in this Section 9(h), the then owner of the Property, or portion thereof, or the City may record a notice of such termination with the Davis County Recorder without the other party's consent and acknowledgment.

(i) Governing Law. This Deed Restriction is being executed and delivered in the State of Utah and shall in all respects be governed by, construed and enforced in accordance with the laws of said State without giving effect to any conflict of law provision or rule. Venue to resolve disputes regarding this Deed Restriction shall lie in the Second District Court of Utah, Farmington Division.

(j) Independent Counsel. GRANTOR ACKNOWLEDGES THAT HE, SHE, OR THEY HAVE READ THIS DOCUMENT IN ITS ENTIRETY AND HAS HAD THE OPPORTUNITY TO CONSULT LEGAL AND FINANCIAL ADVISORS OF HIS, HER OR THEIR CHOOSING REGARDING THE EXECUTION, DELIVERY AND PERFORMANCE OF THE OBLIGATIONS HEREUNDER.

[signatures appear on next page]

IN WITNESS WHEREOF, the parties hereto each caused this Deed Restriction to be duly executed and delivered by themselves or their respective duly authorized representatives as of the day and year set forth above.

GRANTOR:

[Signature]
WASATCH FARMINGTON
HOLDINGS, LLC

By: Jeff Nielson

Title: Manager

STATE OF UTAH

ss:

COUNTY OF SALT LAKE

In Salt Lake County on this 18 day of November, 2022,
before me personally appeared Jeff Nielson,
the Manager of Wasatch Farmington Holdings, LLC,
to me known, and known by me to be the party executing the foregoing instrument and
he/she acknowledged said instrument, by him/her executed to be his/her free act and
deed, in said capacity, and the free act and deed of
Restriction.



Lauren Ashley
Notary Public
Printed Name: Lauren Ashley
My Commission Expires: 2/1/26

The terms of this Deed Restriction are acknowledged by:

CITY:



By: [Signature]

Name: Brett Anderson

Title: Mayor

STATE OF UTAH

ss:

COUNTY OF DAVIS

In Davis County on this 6th day of December, 2022, before me personally appeared Brett Anderson, the Mayor of the Farmington City, to me known, and known by me to be the party executing the foregoing instrument, and he/she acknowledged said instrument, by him/her executed to be his/her free act and deed, in said capacity, and the free act and deed of Farmington City.

[Signature]

Notary Public

Printed Name: DeAnn P Carlile

My Commission Expires: 6-5-24

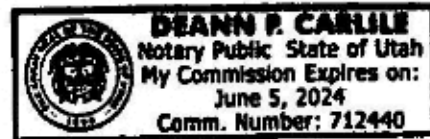


Exhibit A

A part of the SE 1/4 of the Section 14, Township 3 North, Range 1 East, Salt Lake Base and Meridian, located in the City of Farmington, Utah, more particularly described as follows:

Beginning at a point being located S0°14'39"E 449.15' feet along the Section line and N89°34'30"W 30.37 feet from the Center of Section 14, Township 3 North, Range 1 West, Salt Lake Base and Meridian; thence S89°34'30"E 964.70 feet along the Southerly line of Tax Parcel NO. 08-060-0066 as identified by the Davis County Assessor to the Westerly line of a property described in Deed Entry No. 3490364 in the office of the Davis County Recorder; thence along said westerly deed line the following seven (7) courses: (1) S47°16'29"E 263.59 feet; thence (2) Southeasterly along the arc of a non-tangent curve to the right having a radius of 341.82 feet (radius bears: S42°42'05"W) a distance of 282.74 feet through a central angle of 47°23'36" Chord: S23°36'07"E 274.75 feet; thence (3) S00°07'07"W 117.84 feet; thence (4) S10°46'38"W 5.02 feet; thence (5) Southerly along the arc of a non-tangent curve to the left having a radius of 25.00 feet (radius bears: S79°13'39"E) a distance of 4.65 feet through a central angle of 10°39'14" Chord: S05°26'44"W 4.64 feet; thence (6) S00°07'07"W 84.29 feet; thence (7) S00°05'55"W 20.95 feet to the northerly right-of-way of Station Parkway; thence along said Northerly right-of-way N89°42'45"W 1,227.78 feet to the Easterly right-of-way of 1525 West; thence along said easterly right-of way the following three (2) courses: (1) N00°01'40"W 338.97 feet; thence (2) thence along the arc of a curve to the left with a radius of 572.00 feet a distance of 295.13 feet through a central angle of 29°33'43" Chord: N14°48'31"W 291.86 feet; thence N00°14'43"W 53.14 feet; thence N89°55'48"E 36.31 feet; thence S00°11'07"W 10.09 feet to the point of beginning.

Contains: 17.90 acres+/-