

WARRANTY DEED

[Nonprofit Corporation] (“**Grantor**”), whose address is _____, conveys and warrants to [Jane Doe and John Doe, a married couple] (“**Grantee**”), whose address is _____, for the sum of _____, all of its right, title and interest in and to the premises commonly known as _____, located in the _____ of _____, _____ County, Michigan, as more particularly described in Exhibit A attached hereto, together with any and all improvements, tenements, hereditaments and appurtenances belonging or in any way pertaining thereto (the “**Property**”), *provided* that such conveyance is subject to the matters set forth on Exhibit B attached hereto, including but not limited to the Declaration of Affordability Restrictions recorded by Grantor at Liber _____, Page ____ or the _____ County land records [and {identify any other applicable restrictions, such as:} the Use Agreement dated _____, ____ among Grantor, Grantee and the Michigan State Housing Development Authority] (collectively, the “**Restrictions**”).

The conveyance of the Property is also subject to the express condition that **SHOULD GRANTEE (OR ANY SUCCESSOR OR ASSIGN) FAIL TO COMPLY WITH ALL OF THE RESTRICTIONS, THEN AT THE OPTION OF GRANTOR (OR ANY ASSIGNEE OF GRANTOR’S RIGHTS HEREUNDER¹), GRANTEE AND ANY SUCCESSORS AND ASSIGNS (AS APPLICABLE) SHALL SELL PROPERTY TO GRANTOR OR GRANTOR’S ASSIGNEE (AS APPLICABLE) AT A PRICE EQUAL TO [INSERT LOW PRICE]² MINUS THE OUTSTANDING BALANCE OF ANY MORTGAGES OR OTHER LIENS ON THE PROPERTY (BUT NOT LESS THAN ONE DOLLAR (\$1.00)).**

Grantee acknowledges that this condition is essential to Grantor’s purposes (which include preserving decent, affordable housing and creating home-ownership opportunities for low and moderate income people with limited financial resources), and Grantee agrees to this condition on behalf of Grantee and all of Grantee’s successors and assigns. Grantor’s intention is that this condition shall continue in full force and effect. However, if this condition is construed to be subject to any rule of law limiting its duration, then the condition shall be construed to expire within ninety (90) years after its creation.³

¹ MCL § 554.111 provides a statutory basis for assigning the nonprofit’s rights (as a “reversionary interest in lands conveyed on a condition subsequent”).

² Since this is a mechanism for enforcing a violation of the affordability provisions in the Restrictions, this is intended to be a **very low price** that the CLT will be able to afford to pay and **not** the formula price contemplated in the Declaration of Restrictions (which is modeled on terms found in some community land trust ground leases).

³ Since the right to repurchase at a very low price could be construed to be a “terminable interest” (*i.e.* subject to termination if the homeowner does not comply with the Restrictions), it might be unenforceable under MCL § 554.62 unless it is exempt under MCL § 554.64 as either an interest held for (continued...)

[Grantor grants to the Grantee the right to make 100% of the divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967. The Property may be located within the vicinity of farm land or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan right to farm act.]⁴

IN WITNESS WHEREOF Grantor has executed and delivered this Warranty

Deed effective as of _____, 20__.

[CLT Nonprofit Corporation]

By: _____

Its: _____

Drafted by and when recorded return to:

(continued...)

public or charitable purposes or if the termination must take place within the period of the rule against perpetuities (as discussed in the footnotes to the Declaration of Restrictions).

⁴ Language required by statute for **unplatted** property. See MCL 560.109(3) & (4).



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**EXHIBIT A
(Legal Description)**

**EXHIBIT B
(Permitted Encumbrances)**

1. Declaration of Affordability Restrictions
[Add any other applicable restrictions, such as a MSHDA Use Agreement]
2. Easements and other encumbrances of record.
3. Zoning ordinances and other building and use restrictions imposed by a governmental entity or of record.
4. Taxes and assessments that are a lien but not yet due and payable.

[add items from title work]

This document is a product of the Community Legal Resources Affordability Preservation Project. Please check the CLR Affordability Preservation Project website for updates to this document:

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This publication is intended to provide general information, and is not a substitute for legal advice. If you have additional questions about this issue, contact Community Legal Resources at 313/964-4130.

The CLR Affordability Preservation Project was made possible through the generous support of the Michigan State Housing Development Authority.

Printing of the CLR Affordability Preservation Project publications was made possible through the generous support of Comerica Bank.

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