

This instrument prepared by:
J. Anderson Gass, Attorney
City of Knoxville Law Department
400 Main Street, Suite 699
Knoxville, Tennessee 37902

RE: DOCUMENT NO. C-25-0106

RESTRICTIVE COVENANT

This Agreement, dated the ____ day of _____, 2025, is made between Edgewood Apts LLC (“Borrower”), 800 S. Gay Street, Suite 2126, Knoxville, Tennessee 37929 and the City of Knoxville, 400 Main Street, City County Building, Knoxville, Tennessee 37902 (“City”).

RECITALS

- A. The City has allocated funds to Borrower to support the development and rehabilitation of affordable rental housing.
- B. The Affordable Rental Development Program (“ARD”) has been established to provide such funds to eligible projects.
- C. Borrower is the holder of a leasehold interest to certain property situated at 2501 Edgewood Avenue, Knoxville, Tennessee 37917, as more fully described in Exhibit A attached hereto and incorporated herein by specific reference (“Property”).
- D. Borrower has applied for a Deferred Payment Loan through the City’s ARD Program to obtain City funding to develop the Property.
- E. As a participant in the City’s ARD Program, Borrower will receive loan funds to cover all or part of the cost of constructing a multi-family development on the Property, and, in consideration, Borrower consents to be regulated and restricted by the provisions of the City’s ARD Program.

In consideration of the Property and the mutual covenants contained herein, Borrower and the City agree as follows.

TERMS

Borrower and the City hereby create a restrictive covenant encumbering the Property that will meet the conditions for qualification as affordable housing as described in the Affordable Rental Development Program Agreement dated _____ (“Agreement”). More specifically, this restrictive covenant limits the use of the 15 assisted rental unit(s) in the Property to affordable rental units for low- income families for a period of 20 years commencing on the date that construction of all units in the Property is completed. In summary, the assisted units qualify as affordable housing only if they comply with all of the conditions described in the Agreement, including, without limitation, the following requirements:

- A. They bear rents not greater than the LOW HOME rents for existing housing for comparable units in the area as established by the U.S. Department of Housing and Urban Development (“HUD”), less an allowance for tenant-paid utilities or, if the unit receives a federal or state project-based rental subsidy and the tenant pays as a contribution not more than 30% of the family’s adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.
- B. With the exception of a housing manager’s unit (if applicable), they are occupied only by households that qualify as low-income families, except for temporary noncompliance, as described in the Program Agreement. Where applicable, the housing manager’s unit will be occupied by a person/family qualifying under 100% of area median income as determined by HUD.
- C. They will remain affordable without regard to the term of any loan, mortgage, or transfer of ownership for not less than 20 years beginning after project completion, except that, upon foreclosure by a lender or other conveyance in lieu of foreclosure, the affordability period shall be terminated if the foreclosure or conveyance in lieu of foreclosure recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the affordability restrictions will be revived according to the original terms if, during the original affordability period, the owner of record before foreclosure or conveyance in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or Property.

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

APPROVED AS TO FORM:

CITY OF KNOXVILLE

CHARLES W. SWANSON
DIRECTOR OF LAW

INDYA KINCANNON
MAYOR

EDGEWOOD APTS, LLC

BY: _____
DAVID VARNER, PRESIDENT

STATE OF TENNESSEE)
COUNTY OF KNOX)

Before me, a Notary Public in and for the County and State aforesaid, personally appeared **Indya Kincannon**, with whom I am personally acquainted and who upon oath acknowledged herself to be **Mayor of the City of Knoxville**, a municipal corporation organized and existing under the laws of the State of Tennessee, and that she is authorized to do so, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal this _____ day of _____, 2025.

NOTARY PUBLIC

My Commission Expires: _____

STATE OF TENNESSEE)
COUNTY OF KNOX)

Before me, a Notary Public in and for Knox County, Tennessee, personally appeared **David Varner**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that as the President of **Edgewood Apts, LLC**, is authorized to do so, executed the within instrument for the purposes therein contained.

WITNESS my hand and seal this ____ day of _____, 2025.

NOTARY PUBLIC

My Commission Expires: _____

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EXHIBIT A
(Property Description)

SITUATED in District No. Two (2) of Knox County, Tennessee, and within the 16th Ward of the City of Knoxville, Tennessee, and being more particularly described as follows:

TRACT NO. 1: BEGINNING at the point of intersection of the east line of Whittle Springs Road and the north line of Edgewood Avenue; thence with the east line of Whittle Springs Road North 6 deg. 20 min. East, 175.39 feet, more or less, to an iron pin marking the southwest corner of line of said Lot 1; thence North 75 deg. 56 min. East, 148 feet, more or less, to an iron pin marking the common corner with Lot 1 Forestedge Addition to the City of Knoxville; thence South 4 deg. 15 min. West, 100.44 feet, more or less, to an iron pin in the north line of Edgewood Avenue; thence with the north line of Edgewood Avenue, South 54 deg. 50 min. East, 190.57 feet, more or less, to the point of BEGINNING.

TRACT NO. 2: BEGINNING at an iron pin in the north line of Edgewood Avenue, which point is 190.57 feet in an easterly direction from the point of intersection of the north line of Edgewood Avenue and the east line of Whittle Springs Road; thence with the eastern line of the above described tract, North 4 deg. 15 min. East 100.44 feet, more or less, to an iron pin in the western line of Lot 1, Forestedge Addition; thence with the western line of Lot 1, Forestedge Addition, South 1 deg. 8 min. West, 95.9 feet to an old pipe in the north line of Edgewood Avenue, thence with the north line of Edgewood Avenue, 7 feet, more or less, to the point of BEGINNING.

BEING the same property conveyed to Edgewood APTS LLC by Warranty Deed from Rebecca Saldivar dated as of April 17, 2024, and recorded as Instrument No. 202404170051276, in the Knox County Register's Office.